

# Heath chances of staying on look good

Conservatives' new procedure for electing party leader each session was published yesterday, but, with no substantial challenger in sight, Mr Heath's chances of confirming his position look good, our Political Editor writes. Tory backbenchers are saying privately the leadership dispute is inflicting unnecessary damage on Mr Heath and the party.

## New procedure but no challenger

THE new procedure for the election of a Conservative leader to be published yesterday (details, p. 1), the parliamentary rank of the party's new leader will be a significant change. Mr Heath, the 1972 Committee member, has been publicly criticised for his leadership, but he is not expected to be challenged.

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## Britain to deport arrested Palestinian student today for security reasons

A Palestinian student, arrested in Kent on Monday, is to be deported today for security reasons. The student, who is a member of the Palestine Liberation Organisation, was arrested after being found in possession of a passport and a letter from the PLO.

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# Petrol to cost at least 10p a gallon more as price control is abolished

By Edward Townsend  
Business News Staff

The price of four-star petrol is likely to rise on Friday to 74p a gallon in some areas and may go up by another 2p a gallon before Christmas. A prediction to that effect was made yesterday by the Petroleum Retailers' Association after the announcement by Mr Varley, Secretary of State for Energy, of a record increase in petrol prices and the abolition of maximum retail price control.

The Price Commission has allowed eight oil companies to increase prices from Friday, which would add about 7p a gallon and 25 per cent value-added tax to petrol, but Mr Varley said he had made it clear to the garage trade that he did not expect pump prices to increase by more than 10p. He hinted that price controls might be imposed if they did.

Reimposition might lead to a clash between the Government and retailers who, in campaigning for the abolition of price controls, have maintained that the erosion of their profit margins has forced hundreds of filling stations to close.

Small filling stations, particularly those in rural areas, are likely to be hit hardest. They will have to pay high surcharges on comparatively small fuel deliveries, may increase prices by an extra 1p or 2p a gallon on top of Mr Varley's 10p "limit".

Mr Geoffrey Atkinson, general secretary of the Petroleum Retailers' Association, described the 10p limit as absolute nonsense. Mr Varley had removed restrictions, with one hand but

was brandishing the threat of reimposing them with the other, he said. The extra 1p that garages had been given indirectly as their margin was not enough, and 74p a gallon on Friday was almost certain.

However, big garages in urban areas may well limit their increase to about 9p a gallon, and the price in London and in

## EEC COMPARISON

The following prices are charged for four-star petrol in the EEC:

Italy	88p
France	76p
Denmark	75p
Belgium	74p
Holland	74p
West Germany	71p
Irish Republic	69p

places close to refineries is expected to be 72p a gallon. The increases do not take into account the 4 per cent price rise announced by the big oil exporters at the weekend, and if the Government continues to load increases on to petrol the four-star price might go up by a further 2p.

The Price Commission pointed out yesterday that garages still had to observe the requirements of the price code and could not earn profits in excess of their reference levels. The commission is studying the fuel distributors' margins and is expected to report in February.

Mr Varley's statement, given in a Commons written reply, said the oil companies needed increases because of the higher cost of crude oil. He recognised

that some rise in retailers' margins was warranted now that oil products were plentiful and there was widespread competition. He announced that price control on Derv would also end on Friday and the cost of paraffin would rise by 3p a gallon but still be subject to control.

Later the Price Commission disclosed that it had cut all the increases sought by the oil companies. Gulf Oil, which had wanted a 39 per cent increase, had its application reduced by 7.54 per cent; Texaco's proposed 33.9 per cent rise was cut by 0.13 per cent; and there were varying cuts on applications from BP, Burmah-Castrol, Esso, Mobil, Shell and Total.

The oil companies' last increase was 10 months ago, when the price went up by 8p in 50p a gallon. In April VAT was imposed on petrol, first at 10 per cent and then rising to 25 per cent last month.

Shell, Esso and Mobil, whose prices would go up from midnight last night by 7.35p, exclusive of VAT. Home heating would also cost more. Shell said paraffin would go up by 2.08p a gallon and gas oil by 2.75p. Esso is increasing paraffin by 1p and gas oil by 2p, and Mobil heating oils will go up by 1.5p.

Increases on Derv are also being varied. Shell is adding 2.08p a gallon to retailers, Mobil 1.75p and Esso 2p. Motorists hearing brunt, page 21

## Mr Wilson denies Stonehouse spying

By Hugh Noyes  
Parliamentary Correspondent  
Westminster

Mr Wilson said in a Commons statement yesterday that there was no truth in reports that Mr John Stonehouse, who appeared in Miami four weeks ago, was spying either for the Czechoslovak intelligence service or for the United States Central Intelligence Agency.

Nor was there any proof that the missing MP was being kept under investigation or surveillance by the security service at the time of his disappearance. Taking the unusual course of making a statement on newspaper reports about intelligence activities, Mr Wilson said that the allegations were first made by a Czechoslovak defector in 1969 when Mr Stonehouse was a member of the Labour Government. With the Prime Minister's approval they were fully investigated at the time, and both the defector and Mr Stonehouse were interviewed by the security service.

After those investigations the security service advised him that there was no evidence to support the allegations. He had been advised again yesterday that no more evidence had come to light since 1969.

"One has always to face the possibility," Mr Wilson said, "that when defectors come out of the country where they have been and find their capital diminished—their intellectual capital, of course—they try to revive their memories on matters." It should be obvious to all that had there been a scandal of evidence Mr Stonehouse would not have remained a member of the Government. He had given all possible help to the investigations in 1969.

From the Opposition front bench Mr Heath asked for an assurance that the present case would be treated as a precedent that when allegations of a security risk were made in the press a statement had immediately to be made in the House.

The Prime Minister replied that it was a difficult matter, but there had been a serious press campaign about Mr Stonehouse going back to 1969, when he was responsible for such matters. They had been fully investigated at the time and there was nothing in them. It had been proved that Mr Stonehouse was not a Czechoslovak spy and also that he was not a security risk. Mr Wilson said it did not follow from this case that he would comment on all future allegations of that nature.

Labour MPs urged that Mr Stonehouse be fully released from the "distressing pressures" caused by the rumours and innuendoes. Mr Wilson agreed that that was causing great distress to them. He urged that the press should act with discretion.

Parliamentary report, page 12

## Wilson-Brezhnev talks planned

Mr Wilson is to visit Moscow for discussions with Mr Brezhnev, the Soviet party leader, early next year, our Political Editor writes. After the Prime Minister had announced his mission to the Communist world, it became clear that the visit will not occur before February and will follow, as usual, a meeting with the President of the United States.



Miss Ballantine with her father after arriving at Heathrow airport last night.

## Freed British girl arrives home

By Tim Jones

Miss Susan Ballantine, the Cheltenham student who was jailed in East Germany for five years in September for trying to smuggle her boyfriend to the West, was released yesterday after serving "six months 16 days and 14 hours in prison".

Miss Ballantine, who is 23, hugged her father, Mr Cecil Ballantine, after she had arrived at Heathrow airport, London, and said: "This was the best Christmas present I could have had. I have no complaints about my treatment. I was treated a lot better than other prisoners."

But she was not prepared to answer questions about her boyfriend, Herr Volker Benes, a trainer for an East Berlin football team, or about her prison conditions. Her father, a college lecturer, said any

answers to those questions could "prejudice negotiations that may still be continuing". Miss Ballantine, who was convicted of being involved with a professional Western organisation, as well as aiding and abetting illegal border crossings, described her ordeal as "six months of sheer boredom". She added: "I think I was well treated because I kicked up a fuss."

For the first five months she had been dressed in a track suit and then issued with a "school-girl" type uniform. She would not comment when asked whether she regretted her actions.

She had no indication that she was going to be released until yesterday morning. "I was taken before the public prosecutor and told I was being released after the State Council had issued an act of clemency," she said. "Thank you" in German.

"It feels absolutely incredible to be back. I can't believe it. The six months won't exist now. I just want to pick up where I left off, finish my studies and get a job."

Her father, who was in the office of Amnesty International when he heard the news, said: "This is our Christmas present. We were expecting to drink to absent friends, but now it won't be necessary. We shall have a wonderful family Christmas."

Miss Ballantine, who brought a story of protest in Britain and Mr Wilson intervened personally with an appeal for clemency to his East German counterpart, Herr Horst Sindermann.

The move was totally unexpected. Last month Miss Ballantine had been moved to a top security prison near the Czechoslovakia border and certain privileges were denied her. She was not allowed English newspapers, magazines or books, and communication with her family was restricted. Even her English Bible was taken away.

## UN resolution on Namibia urges S African pull-out

The Security Council yesterday adopted a strongly worded resolution urging South Africa to withdraw from Namibia. It condemned the illegal South African occupation of the territory, and set out a series of measures with which South Africa must comply. In the event of non-compliance, the Council will consider "appropriate measures".

Parliamentary report, page 12

## British opinion swings towards Community

The British people are developing warmer feelings towards the European Community, according to an opinion poll published by the European Commission in Brussels yesterday. The poll also shows that in most other EEC countries few people care very much whether Britain stays a member or withdraws.

Parliamentary report, page 5

## Australia gain 2-0 lead

Australia beat England by nine wickets with more than a day to spare in the second Test match at Perth yesterday. Australia now lead 2-0 in the six-match series. Thompson, the Australian fast bowler, dismissed Greig, Denness and Fletcher in his first three overs. Timmus with 61 was England's top scorer.

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## Greek presidency move

The Greek Government yesterday proposed to Parliament that Mr Michael Stasinopoulos, a judge, should be appointed as interim President. His powers would be largely ceremonial and he would act as head of state for three or four months while Parliament works out a new constitution. A vote is expected today.

British Library: Lord Eccles, in his first annual report, reaffirms his conviction that the new building should be opposite the British Museum.

Hospital consultants: More 'work to contract' action as anger mounts over delay in negotiation with health department.

Press freedom: Mr Foot gave a guarded response in the Commons to a Newspaper Society call for round-table talks.

Washington: President Ford succeeds in coaxing Congress into allowing military aid to Turkey to be resumed.

Tokyo: The Japanese Government announces plans to reduce oil consumption in the country by 3 per cent.

Sugar: Court of Appeal grants English dealers in Paris market an interim injunction stopping payments by London International Commodities Clearing House. Law Report.

## Israel's papers advertise anti-Zionists

From Our Own Correspondent  
Jerusalem, Dec 17  
Israel's newspapers accept anti-Zionist advertisements worse than that published by The Times last week, the Jerusalem Evening newspaper Yediot Aharanot said yesterday. It said in a leading article: "It is of course good that The Times recreated. Because if it had turned its attention to Israeli newspapers, which publish advertisements which are far more extremely anti-Zionist and anti-Israel than the one published in the British newspaper, it would certainly have thought twice before drawing back because of the voices of protest by its shocked Jewish readers."

Overseas selling prices  
Newspaper of Ireland  
Australia, Dec 17, 1974, 10p  
France, Dec 17, 1974, 10p  
Germany, Dec 17, 1974, 10p  
Italy, Dec 17, 1974, 10p  
Japan, Dec 17, 1974, 10p  
Netherlands, Dec 17, 1974, 10p  
Norway, Dec 17, 1974, 10p  
Portugal, Dec 17, 1974, 10p  
Spain, Dec 17, 1974, 10p  
Sweden, Dec 17, 1974, 10p  
Switzerland, Dec 17, 1974, 10p  
USSR, Dec 17, 1974, 10p



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Facts can sometimes be uncomfortable.  
Especially when they shatter a popular myth.  
In ITT's case, the myth is that, as a multinational  
company, its only interest in Britain is how much money  
it can get out of it.

And the facts?

Last year, ITT companies in Britain paid over £12  
million in Corporation Tax and more than £73 million  
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new production facilities and £9.5 million in research  
and development.

This year, these same companies will earn more  
than £50 million in exports and spend less than  
£30 million on imports. (And the imports are nearly  
all essential raw materials.)

After shareholders have been paid a dividend,  
the net contribution to Britain's balance of payments  
will still be more than £11 million.

And that's a fact.

For further information please write to 190 Strand, London WC2R 1DU.

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**ITT**



## HOME NEWS

# 'Shadow' jurors disagreed with one court verdict in four, penal research report says

By Peter Evans

Home Affairs Correspondent

"Shadow" juries introduced into courts disagreed with the real jury in seven cases out of 28 in an experiment. In five cases they were prepared to find the accused person guilty, but the real jury found him innocent. In the remaining two, the shadow jurors disagreed with the finding of the real ones that the accused was guilty.

The experiment was conducted by the Oxford Penal Research Unit. In its report, published today, Mrs Sarah McCabe, senior research officer, and Mr Robert Purves, now a barrister, emphasized that in 21 trials out of 28 real and shadow juries were in substantial agreement.

In each of these cases not 10 or 12, but between 20 and 24 men and women came to the same decision about the guilt or innocence of the defendant. Acquittals were fractionally fewer than convictions where the two juries agreed, but, on the whole, shadow juries were more inclined to convict than to acquit. The report comments:

There may be several reasons for this, but at least one of them must be the feeling of the real jury that the consequences of conviction, regardless of the sentence, are grave and that to acquit, where acquittal is at all possible, is better than to convict.

Throughout our shadow jury deliberations there are scattered references to the consequences of conviction. The agreement of real and shadow jury verdicts persuades us that this consideration was equally present in the minds of the authentic jury.

The shadow jurors were selected from the electoral roll by the usual system. They heard all the evidence, sitting as the public in the court, then went off to reach conclusions.

The unit says a surprisingly large proportion of people from all classes agreed to give up a day for the experiment. They were paid the normal jury rate. The cases chosen, with the cooperation of the courts, were those likely to take no more than a day. They varied from malicious wounding to larceny, motoring, and drug offences and assault on the police.

Unlike the real jury, the shadow one found innocent a man charged with receiving. His explanation was that he bought the goods from somebody who had reason to have obtained them honestly.

Transcripts of the shadow juries' deliberations in that case show how argument swung members round to the belief that the prosecution had not proved its case. Originally seven on the shadow jury thought the man guilty.

The second case in which the shadow jury disagreed with the real one and thought a man innocent was over a burglary. The transcript discloses a reluctance by the shadow jury to accept police evidence of what a man said when he was first asked to go to the police station.

We're just going on one man's word against another man's word. . . . One man's against a policeman's. Why does a policeman make any difference?

He's trained to take things, these things, and to remember them. I don't know, all this talk about his being a policeman. It's a man against a man. You should treat that policeman as you would any other witness.

I don't question the policeman's honesty, just the phrasing; and you're about to condemn a man, by the way, on one sentence which another person wrote down.

In another case, involving a woman accused of receiving, one juror said:

He's trained to take things, these things, and to remember them. I don't know, all this talk about his being a policeman. It's a man against a man. You should treat that policeman as you would any other witness.

They (the police) know that she's guilty, but they just can't pin it on her, and therefore, being as they can't pin it on her, she must be given the benefit of the doubt. That's why I voted not guilty.

A second juror replied, heatedly: This is what you are doing though, supporting a criminal, a known criminal.

The report says that usually the shadow juries left the court room with a high level of agreement about their ultimate verdicts. There were few cases where more than five members were persuaded to change their opinion.

The shadow juries showed determination in looking for evidence upon which convictions could be based. When it seemed inadequate, they were not prepared to allow their hunch that the defendant was involved in some way in the offence charged to stand in the way of acquittal.

The criminality or otherwise of certain types of behaviour was a matter for discussion and consideration in the light of all the circumstances of the offence and the defendant's explanation of his part in it. The report adds:

Prosecutors rely on the court and jury, rather than the CID interview room, not merely for proof of guilt but for the definition of crime which the law itself is inadequate to provide.

For those who make this choice that their behaviour, their character, and their reputation may be evaluated by their fellow citizens. There is the inevitable hazard of the varying response of jurors, but from the evidence of the shadow jury discussions there was also a strong sense of equity that took over when all the evidence had been considered.

The Shadow Jury at Work, by Sarah McCabe and Robert Purves, Oxford Penal Research Unit (Basil Blackwell, Oxford, £1).

## Local arts spending up by 16 pc last year

By Kenneth Gosling Arts Reporter

Local authority spending on the arts and museums in 1973-1974 amounted to between £14.7m and £15.5m compared with more than £70m on public libraries, more than £300m on social services and about £2,500m on education, an Arts Council survey reports today.

There are few signs of any dramatic increase in local authority spending on the arts this year, although the survey notes the development of civic support.

The average estimated increase for 1973-1974 is 16 per cent, including 12 per cent for the Greater London Council and 17 per cent for the five most populated county boroughs.

The 706 authorities who answered the survey, about half those questioned, spent the equivalent of 0.11p rate on arts and museums. Other sources had established that those authorities which did not reply spent at least £300,000.

But where expenditure by the two groups was able to be compared, the non-respondents had contributed at half the rate or less. It was thus unlikely that they would have spent as much as £400,000, with about £40,000 on direct provision.

Replies to the survey, conducted just before reorganization, came mainly from the larger authorities, practically all the main cities, 76 per cent of county boroughs, 74 per cent of county councils and 94 per cent of London boroughs.

The survey notes distortions caused by biennial or triennial arts festivals, giving a 10 per cent return one year but many thousands of pounds the next, and to the fact that for some authorities the main support goes to the local museum or art gallery.

Others give "hidden" subsidies by publicizing arts organizations, providing officers to act in voluntary capacities and giving rent and rate relief.

The new local authorities inherited uneven provision for the arts. Many new district councils covered areas with no tradition of public spending on the arts; while a strong civic tradition of support for the arts has developed in other areas, particularly in recent years.

The Arts Council 1973-74 (Arts Council Publications Department, 105 Piccadilly, London, W1V 0AU, £1).



Sir John Cohen, founder of Tesco Stores, joined a pre-Christmas celebration at the Camden High Street store yesterday.

## Mr Foot cool over press freedom talks

By Our Parliamentary Staff

Mr Foot, Secretary of State for Employment, gave a guarded reception yesterday to the call by the Newspaper Society for an urgent conference on press freedom and the closed shop.

He told MPs in the Commons standing committee considering the Trade Union and Labour Relations (Amendment) Bill that he would consider the letter from Mr W. M. Young, president of the Newspaper Society, asking him to invite the National Union of Journalists, the Institute of Journalists, the Newspaper Society, Guild of Newspaper Editors and others "concerned about safeguards for press freedom" to a conference.

But he added: "I doubt very much whether a conference of that character is the right way to deal with these matters. The place to deal with this question is the House of Commons."

The Newspaper Society initiative had been welcomed by Mr Prior, opposition spokesman on employment, who said that something would have to be

written into the Bill to safeguard press freedom. He welcomed the fact that the committee was to adjourn until January 14, and hoped that Mr Foot would use the recess in a way round the difficulty.

The committee was considering consideration of an opposition amendment to retain in the Bill provisions relating to safeguards dealing with arbitrary exclusion or expulsion of members from trade unions.

Mr Foot, winding up the debate, said the question how to protect people in a closed-shop situation was of great importance. More individuals would be protected by the tribunal which had been devised than by anything suggested by the Opposition. He hoped it would be given a fair trial.

The editors' difficulty could not be overcome by law. That was why he was strongly in favour of the NUJ initiative for discussions towards devising terms that could be put into union membership agreements.

The Opposition amendment was rejected by 11 votes to nine.

## In brief

### Judith Ward jail move

Judith Ward has joined the Price sisters in Durham jail. All are in the women's top security wing converted recently from that which formerly held the mail train robbers and other long-term men prisoners.

The Price sisters were moved from Brixton prison on Sunday. Miss Ward, aged 25, is serving a sentence of 30 years for the M62 coach-bombing.

### Egypt official's theft

A man caught stealing a pair of trousers from a West End store was director of Egypt's Ministry of Industry, in London to attend a conference on the behalf of his government, the Marlborough Street Magistrate was told yesterday. Fuad Ahmed Sobhy, aged 48, was fined £50 for the £3.99 theft.

### Baggage men back

Baggage loaders in British Airways' domestic division returned to work at Heathrow yesterday after a four-day dispute, during which passengers had to carry their own cases.

## Tomato me lobby MPs for oil cost aid

From Ronald Faux Glasgow

Tomato growers from Clyde valley will lobby MP London today for help to their industry. At the end of the year the fuel subsidy tomato growers ends and in present EEC regulations not be replaced. That, they will expose a thousand people employed in tomato growing the Clyde valley to the effect of rising fuel costs place the Dutch and Belg growers in a vastly better position.

The Clyde valley growers believe because they were covered by the Government and an investment of £1 in new glasshouses to produce type of tomato that grows swiftly but demands much heat. In the meantime fuel have risen from £2,000 an acre in 1971 to £5,300. When subsidy is removed the cost soars to £8,500 an acre.

The Dutch have access unlimited sources of cheap gas. When the subsidy goes Britain they will be up to £8 an acre better off than the Scottish growers. The industry will slump unless growers said yesterday.

Already a large ton bearing area has not been sown for next year's crop. The industry is convinced that it can remain competitive without fuel subsidy. Growers are demanding it should be maintained until, it is hoped, they have benefit of North Sea oil, as Dutch have the advantage North Sea gas.

Another grower pointed that the Clyde valley account for four fifths of Scotland's tomato production. Whole prices have increased by more than a fifth over the five years while wages in industry have risen by more than three tenths for men and for women in the past month alone.

Half of Britain's requirements are imported although Scotland grows 70 per cent of what it needs. It is likely to fall dramatically. All that shall be as for to have equal trading partners in Europe.

Grower said: "In order to have we must have a yield of 65 tons an acre. The return in 1968 was 10.3p a pot. Last year it was 11.1p a pot and costs have gone sky high."

Mr James Brown, a grower in Lanarkshire, said he reduced his tomato crop from 10 acres to four and unless market improved he would cease production.

## Law Society clears Colonel Brooks

The Law Society announced yesterday that it is to take no action against Colonel John Brooks, who figured in the recent "bottom-sparking" libel action. He will be allowed to remain a practising solicitor.

The society said that its professional purposes committee had decided that the facts revealed were relevant to his private rather than his professional life.

"In arriving at their decision the professional purposes committee were nevertheless not unaware of the adverse and widespread publicity and the comments, during his summing-up, of Mr Justice Bristow."

Colonel Brooks, of Cheyne Walk, Chelsea, was awarded £2 damages in the High Court last month in a libel action against the *Sunday People*. It had alleged that he lured girls into a "sex trap" on his motor cruiser on the Thames. Colonel Brooks, a former mayor of Kensington and Chelsea, denied the allegations and said he spanked girls only with their consent.

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## Runway extension plan at Yeoman dooms

From Ronald Kershaw Wakefield

The penultimate seal on the fate of the £400m runway at Leeds Bradford Airport at Yeoman was firmly placed by the Policy and Resources Committee of West Yorkshire County Council yesterday. By 11 votes to five it opposed extension.

West Yorkshire County Council now joins Leeds Metropolitan Council in opposition to extensions, leaving Bradford Metropolitan Council alone in on the 2,000ft extensions, estimated to cost some £5m at 1974

prices, has developed into a political battle with Labour members against Conservative. It is still possible that the airport committee will come out in favour of extensions but it would be an empty gesture because money would not be forthcoming from West Yorkshire and Leeds councils.

The recommendation rejecting the extensions should be kept open pending further investigation and that the county council should vigorously pursue the case for an airport providing a full service to the Yorkshire and Humberside region.

## Law to protect confidences suggested

By Our Legal Correspondent

A tort of breach of confidence should be created by statute, the Law Commission proposes provisionally in a working paper published today. It would protect trade secrets and personal information and would replace the existing common law action for breach of confidence, the scope of which, the Law Commission says, is uncertain and confusing.

The new tort should be based on "breach of a statutory duty of confidence not to disclose or use information acquired in confidence except to the extent that such disclosure or use is authorized by the person to whom the duty is owed". The Law Commission's study follows

the view of the Younger committee on privacy, in 1972, that actions for breach of confidence could be of great value in the protection of privacy.

Three categories of the tort are suggested by the Law Commission. First, where disclosure or use of information would deprive the person to whom the duty of confidence was owed from gaining financially from it. A typical example, the report says, would be where confidential particulars of an invention are used so that the inventor himself is unable to exploit it.

The second category is where disclosure would cause direct financial loss to the person. An example given is where one person reveals the circumstances of another's divorce, knowing that his employer would dismiss him when he learns it.

The third is where disclosure would cause distress. The report cites the case of some revealing the confidential that his informant was a ho sexual.

The Law Commission poses defences to the tort, including lawful authority to disclose, privilege, public interest and not knowing there was duty of confidentiality.

It also suggests a new of disclosing or using information obtained unlawfully. The Law Commission's Working Paper 58, *Breach of Confidentiality* (Stationery Office, £1.20).

## Proposers of candidates for Tory leadership will not be named

The procedure for selecting the leader of the Conservative Party was issued yesterday. The document states:

Timing of elections and general responsibilities:

1. If the position of leader of the party is vacant, an election shall be held as early as possible.
2. Otherwise there shall be an election in the House of Commons beginning within 28 days of the opening of each new session of Parliament, except that in the case of a new Parliament the election shall be held not earlier than three months nor later than six months from the date of assembly of that Parliament. The actual date will be determined by the leader of the party in consultation with the chairman of the 1922 Committee.
3. The chairman of the 1922 Committee will be responsible for the conduct of all ballots and will settle all matters in relation thereto.

Nominations and list of candidates:

4. Candidates will be proposed and seconded in writing by MPs in receipt of the Conservative whip. The chairman of the 1922 Committee and scrutineers designated by him will be available to receive nominations. Each candidate will indicate on the nomination paper that he is prepared to accept nomination, and no candidate will accept more than one nomination.

The names of the proposer and seconder will not be published and will remain confidential to the scrutineers. Nominations will close by noon on Thursday five days before the date of the first ballot.

5. If only one valid nomination is received, the chairman of the 1922 Committee shall declare this person elected.
6. If more than one valid nomination is received, the chairman of the 1922 Committee and his scrutineers will publish a list of the valid nominations and immediately transmit a copy to the two vice-chairmen of the 1922 Committee, the Chief Whip in the House of Commons, the chairman of the National Union, the chairman of the National Conservative and Unionist Association, the chairman and deputy chairman of the party in Scotland, the leader of the party in the House of Lords and the Chief Whip in the Lords.

Procedure for the election with Members of the Party outside the House of Commons:

6. During the period between the close of nominations and the date

of the first ballot, it shall be the responsibility of the constituency associations, represented by Conservative MPs, to inform the members of their views regarding the candidates.

7. Similarly, the leader of the party in the Lords and the Chief Whip in the Lords will make such arrangements as appropriate to obtain the views of peers in receipt of the Conservative whip.

8. In order that all sections of the party shall be consulted, area chairmen of the candidates will obtain the opinions of constituency associations, through their chairmen, and report their views to the chairman of the National Union and the chairman of the executive of the National Union.

In Scotland the area chairmen will similarly consult and report to the president of the Scottish Conservative and Unionist Association. They will also report to Conservative MPs within the area of their responsibility the views of constituents not represented by a Conservative MP.

9. The leader of the party in the Lords, the Chief Whip in the Lords, the chairman of the National Union and the chairman of the executive of the National Union, together with the chairman of the Scottish Conservative and Unionist Association, will on the Monday attend a meeting of the executive of the 1922 Committee for the purpose of conveying to them the collective views of the peers in receipt of the Conservative whip, the National Union and the Scottish Conservative and Unionist Association respectively.

First ballot:

10. The first ballot will be held on the Tuesday immediately following. For this ballot the scrutineers will prepare a ballot paper listing the names of the candidates and give a copy for the purpose of balloting to each MP in receipt of the Conservative whip.

11. For the first ballot each voter will indicate one choice from the candidates listed.

12. Where any members are unavoidably absent from the House on that day, through sickness or by being abroad, the scrutineers will make arrangements to receive their votes.

13. The ballot will be secret and neither the names of those who have voted for a particular candidate nor the names of those who have abstained from voting shall be disclosed by the scrutineers.

14. If, as a result of this ballot, one candidate both (1) receives an overall majority of the votes of those entitled to vote and (2) re-

ceives 15 per cent more of the votes of those entitled to vote than any other candidate, he will be elected.

15. The scrutineers will announce the number of votes received by each candidate, and if no candidate satisfies those conditions a second ballot will be held.

Second Ballot

16. The second ballot will be held on the following Tuesday. Nominations made for the first ballot will be void. New nominations will be submitted by the Thursday, under the same procedure and with the same arrangements for consultation as described in paragraphs 4-9 for the first ballot, both for the original candidates if required and for any other candidates.

17. The voting procedure for the second ballot will be the same as for the first, except that paragraph 14 shall not apply. If, as a result of this second ballot, one candidate receives an overall majority of the votes cast for those entitled to vote, that candidate will be elected.

Third Ballot

18. If no candidate receives an overall majority, the three candidates receiving the highest number of votes at the second ballot will be placed on a ballot paper for a third and final ballot on the Thursday following.

19. For the final ballot each voter must indicate two preferences amongst the three candidates by placing the figure 1 opposite the name of his preferred candidate and the figure 2 opposite the name of his second choice.

20. The scrutineers will proceed to add the number of first preferences received by each candidate, eliminate the candidate with the lowest number of first preference votes and redistribute the votes of those giving him as their first preference amongst the two remaining candidates in accordance with their second preference. The result of this final count will be an overall majority of the votes cast for one candidate, and he will be elected.

21. The candidate thus elected by the party in the House of Commons will be presented for confirmation as party leader to a party meeting constituted as follows:

Members of the Lords in receipt of the Conservative Whip  
Adopted parliamentary candidates  
Members of the executive committee of the National Union not already included in the above categories.

## Bow Group call to Heath allies not to stand down

By John Groser

A direct appeal is made today to Mr Whitelaw and other senior Conservative politicians to make themselves available as candidates for the party leadership. The call comes from the influential Bow Group in the latest issue of *Crossbow*.

An editorial article argues that, now that a system of electing the Conservative leader has been recommended by the Douglas-Home committee, "it would be wrong if those close to Mr Heath . . . give in to their natural inclination to make themselves available. That would turn any election into a farce and deny the party the full choice it has a right to expect."

Mr Peter Lloyd, editor of *Crossbow*, and immediate past chairman of the group, who fought Nottingham, West, in both elections this year, apparently speaks for the party's younger element when he says:

"It would be an act of great statesmanship if Mr Heath finally decided to stand down."

The article questions the widely held belief in the party that Mr Heath will be proved right by events. It also declares that "it is clear that the bulk of the parliamentary party are unhappy with Mr Heath's continued leadership."

Mr Lloyd and his fellow Groupers suggest that "over the next few years it is vital the Conservatives have a leader who is able to articulate a new and liberal alternative state socialism that carries conviction and humanity."

While conceding the fact Prime Minister's private qualities of vision and compass the article says he is "permanently unsuited" for the role that the new leader have to fulfil.

He is, it is alleged, about to lose his credibility as a champion of counter-inflation, that a growing belief that monetary policies of the Heath Administration fuelled inflation and contributed substantially to the country's present economic plight.

*Crossbow* concludes that main argument against Heath's continued leadership that the party under him "ceased to know where it is going and what it stands for."

Tory reversals, it says, "revealed the absence of a clear view of how the economy, society work and what the relationship of government should be to both."

Leading article, page 2

## 'Monolithic' basis criticize

A recommendation submitted to Mr Heath by the East Midlands Area of the Conservative Party that the structure of the National Union of the party needs urgent revision is being supported by at least three more of the 11 areas.

The general suggestion that changes should take place in the party's structure was initially made by the East Midlands Conservatives in a report now published though commissioned more than a year ago. It proposes that the party's national structure should be based on counties, not areas.

It is concluded that "the time has come for the party to face realities" is warmly applauded by some other of the area executive committees who

also feel that "the monolithic structure" contributed to failure to poll at full strength in this year's elections.

The review committee's special attention to concern the wastage of qualified party agents. "It would seem if the only long term aim would be to deploy agents on county basis."

If that recommendation were adopted, one regard would be paid to the necessity employing full-time agents in marginal seats and scatter constituencies.

One scheme proposed would see the employment of separate agents in the margin or scattered seats, and of agents to look after more than one constituency.



Take home a White Horse this Christmas.

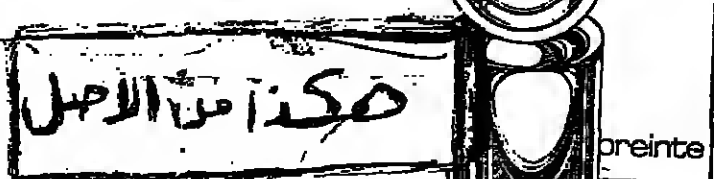
FINE OLD SCOTCH WHISKY

## How to keep a super secretary and a wife as well.



Give them Courrèges Empreinte—a most original perfume created by today's most exciting couturier.

It's exclusive and expensive, but it's a small price to pay to keep both women in your life happy.



Courrèges-empreinte

One of the few original gifts left.



## HOME NEWS

## Extra night patrols after fire that killed 18 old people

From Arthur Osmo

As Mrs Castle, Secretary of State for Social Services, confirmed in Nottingham yesterday, the need for an independent inquiry into Sunday's fire disaster, the country council ordered extra staff for night patrols at five homes similar to the devastated Fairfield Home at Edwinton.

Mr Richard Wilson, leader of the council, said five single-story homes similar to Fairfield were lacking smoke detectors. It was hoped that detectors would be installed in a month's time. Until then night patrols would be on duty to give additional security at the homes in Worksop, Hucknall, Burton Joyce, Kimberley, and Mansfield.

"These precautions are being taken in homes where, until Sunday's disaster, we did not foresee that there was an unacceptable fire risk," he said. "We are therefore playing safe until more thorough inquiries have established what there is and the best way to combat it."

The council's policy committee will be recommended today to make available the extra £36,000 needed to carry out extra fire precaution work in several homes for the elderly.

Mr Ernest Lester, chairman of the council, at its routine meeting yesterday, paid tribute to Mr Alfred Richings, who lived opposite the home and helped to save several lives, and to the assistant matron, Mrs Alice Johnson, and Mrs Jill Herbert, the night attendant. The council stood silent for a minute in memory of the 18 dead.

Mrs Castle had earlier met Mrs Herbert, who was close to tears as she showed the minister round the wrecked home. Mrs Castle talked with the matron and the surviving elderly residents from Fairfield, who have been accommodated at The Oaks home in Nottingham.

Later she said she would be consulting Mr Jenkins, the Home Secretary, on the terms of reference for an inquiry and its constitution. They would be made known as soon as possible. A decision would also be made on whether it should be held in public.

"One of the points I have discovered with the local authority is that they reject suggestions that there was an over-concentration of infirm old people in this particular home," the minister said.

An interdenominational memorial service will be held at St Giles's, West Bridgford, at 10.30 am on December 23.

## 'Buy ticket on board' service next month

By Arthur Reed

Air Correspondent

British Airways is to introduce on January 12 the first scheduled shuttle service in Europe to which passengers will pay on board the aircraft and nobody will be left behind. It may extend the principle later to main centres throughout the Continent.

The shuttle service will be between London and Glasgow, on which British Airways carries 600,000 passengers a year. After January 12 there will be no need for any passenger to make an advance booking. Check-in time at the airport at either end will be reduced from the present 20 minutes to 10 minutes. Stewardesses will collect the £17 single fare on board, accepting cash, cheques, credit cards or government orders.

There will be no bar service or catering on the shuttle. British Airways promises travellers refreshments free of charge in the lounges before departure. It also guarantees that if there is a rush for any one flight, a second and even a third aircraft will be brought up.

London to Edinburgh, Belfast, Dublin, Brussels, Paris, Amsterdam, Düsseldorf and Frankfurt are routes on which such services could be introduced within the next few years, Mr Roy Watts, chief executive of British Airways European division, said yesterday.

Nine Trident airliners will be used on the London to Glasgow service, with 13 departures from London and 12 from Glasgow each weekday. That will more than double the present aircraft capacity on the route.

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Other member states with energy resources also had worries. The Dutch wanted to make sure they would be able to sell their natural gas at adequate prices. The West German...

Forceps left in man's body killed him

A pair of surgical forceps left in a man's abdomen after a hernia operation caused his death within six weeks, an inquest at Aberdeen, Mid Glamorgan, found yesterday. A verdict of accidental death was recorded.

The inquest into the death of Mr George Henry Thomas, aged 56, of Aman Court, Cwmaman, Aberdare, had been told that Aberdare General Hospital nurses found the forceps missing after the operation. But no one told the surgeon.

Mr Peter Jenkins, deputy coroner, said there was an assumption that the forceps seen on a dropped instrument rack were the missing pair. The assumption persisted despite the fact that the forceps were never found.

"Why the surgeon was not informed I cannot understand," he said.

Dr William Reginald James, the pathologist who performed the post mortem examination, said the cause of death was intestinal obstruction due to herniation of the small intestine through part of the forceps.

## WEST EUROPE

## Britain sees no threat to its North Sea oil from Community

From Roger Berthoud

Brussels, Dec 17

The idea that Britain's EEC membership poses a threat to North Sea oil was heavily discounted by Mr Eric Varley, Secretary of State for Energy, in Brussels today.

After his first meeting with the Energy Minister of the Niue, Mr Varley said: "Providing it is accepted, as I think it is—at least it was not challenged today—that North Sea oil policy is under United Kingdom national control, I don't think there is a threat."

In a prepared statement, Mr Varley told today's meeting: "I am sure my colleagues will understand that our reserves of oil and gas in the North Sea must remain under our national control." Mr Varley thought it important that no one had challenged this remark. The Belgian Minister had emphasized his understanding.

Explaining the nature of the threat afterwards, Mr Varley said that at an earlier EEC council meeting there had been a suggestion for a policy of a common market in energy products. This, he said, could have implied a policy of maximum depletion (exploitation) of reserves. But Britain had to hand its North Sea resources, which represented only two per cent of known world oil reserves, and the Government had no plan to deplete them.

Oil was a finite product and it could not be replaced every year like French wheat.

The North Sea was not the dominant issue at today's meeting, which was devoted to a business-like but ambitious attempt to re-launch the EEC's ill-starred energy policy.

Other member states with energy resources also had worries. The Dutch wanted to make sure they would be able to sell their natural gas at adequate prices. The West German...

Redundancy veto rejected

From Our Own Correspondent Brussels, Dec 17

The British Government, with the help of most of its partners in the European Community, today thwarted an ambitious Community idea to veto companies' plans to make workers redundant.

At a meeting of social affairs ministers of the Nine in Brussels today, the French, with the support of the European Commission, were in favour of this...

French economy on right road for M Chirac

From Charles Hargrove Paris, Dec 17

M Chirac, the Prime Minister, used the debate on the opposition motion of censure to draw a reasonably optimistic picture of the prospects of the French economy. He particularly emphasized the spectacular results achieved by the Government in foreign trade. The deficit had fallen from 3,000m francs in July (about £300m) to 213m francs in October.

On the price front, the trend was also favourable. The average increase had in the past three months been reduced to just over 1 per cent. November and December should see it fall below 1 per cent, the objective the Government had set itself.

"What can we conclude from this stocktaking?" he asked. "That we have won our economic gambles? I think to claim this would be premature. That we have lost it? It would be false and dishonest to pretend it. An objective analysis of economic indices shows we are on the right road."

The Prime Minister added that in the first half of 1975 economic activity would cease to slow down, and production should show a moderate increase. He hinted that the Government might take steps to reflate then.

Former nun arrested in child cruelty case

From Our Own Correspondent Rome, Dec 17

Signorina Maria Dileta Pagliuca, a former nun, who was sentenced to eight years and four months imprisonment for cruelty to sub-normal children under her care, in a home at Grotteferrata, was arrested today on the coast near Rome.

The case in which she was involved was one of the gravest instances of systematic cruelty to children in a home acknowledged by the ecclesiastical authorities. She was in provisional liberty while her appeal was heard and it had been feared that she might have fled the country.

Signorina Pagliuca was discovered hiding at the home of a woman who she met while in prison awaiting trial. She was found by carabinieri in a cupboard under a pile of blankets. She maintained during hearings of her case that far from being cruel, she was in fact a saint.

Inflation doubled in Belgium

Brussels, Dec 17.—Consumer prices in Belgium have risen an estimated 15.6 per cent this year compared with 7.3 per cent last year sources said today. The figure was provisional—Reuters.

While John Bull makes up his mind, only the Irish among his partners care much about his decision

## British opinion swings towards EEC

From David Cross

Brussels, Dec 17

The image of the European Community seems to be improving among the British public. But, as the day of decision for continued EEC membership approaches, most people in the six founder members of the Community appear not to care whether Britain stays in or pulls out.

These are two of the main findings of an opinion poll carried out by independent research organizations in the Niue and published by the European Commission in Brussels today. The survey, which was conducted between October 18 and November 22, was based on the views of 9,000 people aged 15 and over.

The growing enthusiasm for the Community among Britons emerged most clearly from replies to the question: "If you were to be told tomorrow that (your country) was leaving the EEC, would you be very sorry about it, indifferent, or relieved?" In both Britain and Ireland, the percentage of people expressing regret has risen by 11 per cent in the past year.

From 20 to 31 per cent in 1973, to 31 to 42 per cent respectively. In the case of Denmark and the six original members, attitudes have remained fairly constant, particularly during the period between May and November this year.

There are also more Britons now who believe that EEC membership is a "good thing". Over the past year or so the percentage has risen from 31 to 35. About the same number of Britons think that membership is a "bad thing" as a year ago (34 per cent in September, 1973, and 35 per cent in November, 1974).

On the delicate specific question of Britain's membership and how people in other EEC member states would react to a withdrawal, a mere 2 per cent of the French population and 8 per cent of the Dutch would think the effect "very serious". The Belgians appear to be most uninterested with a total of 78 per cent either not knowing or thinking it would not make much difference. The French, too, have a take it or leave it attitude among 68 per cent of their population.

By contrast, many more of the British, Danes and particularly the Irish think that Britain's withdrawal from the Community would be "very serious". The figures in these countries are 18, 20 and 29 per cent respectively.

The poll also analyses the various EEC problems which members of the public think are most serious at the present time. Nine out of 10 people throughout the Community thought a common fight against rising prices was "very important" or "important". Inflation generally was singled out as the most important problem confronting the Community, closely followed by the implementation of a common energy policy, environment, consumer protection and a common foreign policy in discussions with the United States and the Soviet Union.

Asked whether combined action by the Community, or independent action by individual member governments, would achieve the best results, about seven out of 10 people were in favour of joint action to deal with four major problems—policy on energy supplies, the fight against inflation, dealings with the superpowers and the fight against pollution. The results of the poll were as follows, all figures being in percentages:

If Britain decided to leave the European Community, what do you think the effect of this would be?

Very serious 4 30 8 2 18 29 1 5 9  
Rather serious 14 23 32 20 25 34 3 17 26  
Neither good nor bad 3 5 13 8 14 9 3 3 17  
Rather good 9 3 3 2 11 8 1 4 3  
Very good 46 26 26 48 49 20 32 37 31  
Of no particular effect one way or the other 32 17 20 49 19 12 0 25 34  
Don't know 46 26 26 48 49 20 32 37 31

Generally speaking, do you think that (your country's) membership of the Community is a good thing, a bad thing or neither good nor bad?

The Six Ireland Denmark Britain  
Sept May Nov Sept May Nov Sept May Nov Sept May Nov  
1973 1974 1974 1973 1974 1974 1973 1974 1974 1973 1974 1974 1974

Good 63 67 69 56 43 50 42 35 30 31 33 36  
Bad 4 5 5 15 25 24 30 31 35 34 39 36  
Neither 15 18 17 21 18 22 19 24 22 19 20 20  
No reply 14 9 8 8 8 4 9 10 7 13 9 9

If you were to be told tomorrow that (your country) was leaving the EEC would you be very sorry about it, indifferent, or relieved?

The Six Ireland Denmark Britain  
Sept May Nov Sept May Nov Sept May Nov Sept May Nov  
1973 1974 1974 1973 1974 1974 1973 1974 1974 1973 1974 1974 1974

Very sorry 47 56 56 37 36 40 30 27 27 20 24 31  
Indifferent 37 28 27 40 27 32 38 27 24 33 28 22  
Relieved 2 4 4 17 28 24 29 31 35 37 40 32  
No reply 14 14 13 6 7 5 12 15 14 10 8 9

## Tighter controls urged for building plastics

By Pearce Wright

Science Correspondent

Tighter control over the use of some plastic materials in buildings is suggested in a report, *Polymeric Materials in Fires*, produced by the Fire Research Station and the Building Regulations Professional Division of the Building Research Station.

It comments on anxiety prompted by incidents ranging from small domestic fires, where burning of foamed-plastic upholstery reportedly intensifies a fire, and produces more smoke than traditional materials, to big disasters such as those at Summerland, on the Isle of Man, and at St Laurence du Port, in France, where plastic materials were involved to a large extent together with other factors.

Because of the diffuse nature of the industries manufacturing and using polymeric materials, accurate figures of the amount going into buildings each year are apparently impossible. The latest figures, for 1972, show 200,000 tonnes, of which 44,000 tonnes went into furniture. Analysis of the implication of specific materials in fires is obtained from the standard fire brigade report form K433. Although it is almost the only source from which information can be systematically gathered, the Fire Research Station report says the form is not suitable for collecting the necessary details about the involvement of specific materials in fires.

Available data indicate that in about a thousand fires, or 1 per cent of all those occurring in buildings, plastic materials are the first to ignite. In about another thousand fires plastic materials were used in the construction of the building, though those materials were not necessarily involved in the fire.

Cathedral choir to disband

Westminster Cathedral's professional choir is to be disbanded because of costs. The choristers will probably leave after next Easter Day's services. The decision was made by the Westminster Diocesan Council of Administration. The seven men choristers are expected to receive notice today.

School strike plan

Leaders of striking teachers who kept almost a million Scottish children off school yesterday plan to intensify their action if pay recommendations expected by Friday are "inadequate". More strikes are planned this week.

Employers' chief calls for new leaders to allow industry to expand

By Our Labour Editor

Mr Martin Jukes, the engineering employers' leader, yesterday called for an unspecified "new leadership" for Britain. He predicted that if the Government continued on its present course there would be a statutory policy on incomes before Easter.

Mr Jukes, director general of the Engineering Employers' Federation, singled out Mr Foot, Secretary of State for Employment, for personal criticism. "I do not think for a moment he provides the leadership we need," he said. The forthcoming Employment Protection Bill, was "union-based and biased".

Making his valedictory address to industrial correspondents, Mr Jukes declined to be drawn on the politician or public figure he had in mind to run the country. Until we get firm leadership taking us in the direction which permits industry to expand we have no hope," he said.

"It is possible to have such leadership, as indeed was shown in France when de Gaulle was in power. French examples are not my favourite ones but no one can deny the stability that France got for a long period."

Without the right kind of leadership the Government would be forced to resort to a statutory incomes policy before Easter, Mr Jukes said. He put the odds at 5-1 on.

Mr Jukes, who retires as director general in two months, said a luncheon in London of the labour and industrial correspondents' group: "There can be little doubt that if we continue on our present course we head for disaster. Recent legislation and counter-legislation by succeeding governments has caused disorder. Mr Jukes continued: "This disorder is not only at the level of the CBI and the TUC, the direction which permits industry to expand we have no hope," he said.

## No appeal on rape sentence

Christopher John Graham, aged 18, jailed for life for raping Princess Anne's secretary, was refused leave to appeal against his sentence yesterday.

He pleaded guilty at Manchester Crown Court on June 20 to raping the secretary at Chelsea, to raping a Manchester doctor's wife, and to the attempted rape of an Iranian student.

Signalmen strike

A 24-hour strike by signalmen, which started at 6 am yesterday, halted Southern Region trains in Hampshire and Dorset, affecting thousands of commuters.

Harlow boy on arson charge

A schoolboy appeared at Harrow Magistrates' Court yesterday, charged with setting fire to a Harrow School house on November 25.

The charge stated that Simon Rhodes, aged 17, did by fire damage The Grove and endanger the life of John Meakin and others. He was allowed bail to appear at the court on January 23.

Foreign Office facade stays

The Old Public Offices in Whitehall, the Foreign and Commonwealth Office, is to be part rebuilt. Mr Foot, Secretary of State for the Environment, told the Commons yesterday that it had been decided to preserve the facades and many interiors.

'Retire early' plan to stop teacher unemployment

By Tim Deylin Education Correspondent

Teachers should be encouraged to retire early to prevent unemployment as a result of the falling birth rate, Mr Stanley Hewett, general secretary of the Association of Teachers in Colleges and Departments of Education, said yesterday.

He urged Mr Prentice, Secretary of State for Education and Science, to consider a four-point plan to prevent unemployment of teachers and its "catastrophic impact on recruitment, which is already very seriously depressed". The plan involves compensation for teachers retiring early, a limit on the number allowed to re-enter teaching, extending the teacher-training course from

three years to four; and more in-service training courses. Mr Hewett told the association's council in London that because of the falling birth rate there had been a gross overestimate of the school population in the 1980s.

He said: "It is clear that a teacher supply policy for a school population of eight million is going to be very different from one designed for a school population of 9,700,000. You cannot 'lose' 1,700,000 schoolchildren and pretend that things are much the same as they were."

The department must reform its policies by next Easter, he said. The authority must be to secure employment for the trainees who are at college and who have been accepted for courses next September.

Former nun arrested in child cruelty case

From Our Own Correspondent Rome, Dec 17

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Inflation doubled in Belgium

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## ICI wins the MacRobert Award, 1974

This year's MacRobert Award has been won by five men—T. J. P. Pearce, G. W. Bridger, P. Davies, J. T. Gallagher and D. Cornthwaite—inventors of the catalysts which enabled ICI Agricultural Division to introduce its high-efficiency, low-pressure process for the synthesis of methanol.

The Award is given for an outstanding innovation in engineering, physical technology or applied science which has enhanced national prestige and prosperity in the U.K.



Imperial Chemical Industries Limited

It is made annually by the Council of Engineering Institutions, on behalf of the MacRobert Trusts and consists of a gold medal and £25,000.

Methanol is an important intermediate in the chemical industry for the manufacture of building materials, paints, plastics and textiles. Of the twenty-nine plants designed and constructed throughout the world since 1966, twenty-three use ICI's new process.





## WEST EUROPE

## Hint of Giscard shift towards Atlanticism

From Richard Wigg  
Paris, Dec 17

President Giscard d'Estaing returned to Paris today from his meeting with President Ford in Martigues, completing a fortnight during which he has put his personal seal on French diplomacy. All around it represents a considerable personal success for the President who was also making his debut on the international scene.

Underlying it all—the meetings with Mr. Brezhnev, the Soviet party leader, and with Mr. Ford with the Paris EEC summit sandwiched in between—was the President's own real aim about what France can and must do during the present crisis in the Western world.

He told television audiences on leaving Martigues: "The world now has to face such serious risks that the rule for France must be international cooperation".

A France more cooperative, especially with the United States over energy problems, was exactly what the other EEC leaders most wanted at the Paris summit meeting. The nine, both in Brussels and in the Paris-based Organisation for Economic Co-operation and Development, can now get down to co-ordinating energy policies.

But in France the questioning has already begun whether to obtain American endorsement for his international conference between oil-producing and consuming countries, President Giscard d'Estaing has not begun "slipping towards Atlanticism".

Mr. Michel Jobert, who as Foreign Minister staged the clash with the Americans over energy in Washington to February, has now recommended "asking Mr. Chirac (the Prime Minister) what he thinks of this reconciliation with the United States". He recalls that until now when France adopted a position contrary to American interests that was dubbed "Gaullist".

But except for *L'Humanité*, the Communist Party paper, which finds that the President has made "four grave concessions" to the Americans, the French press today supports him over the line he took. But it is a sober, not an enthusiastic support. "On energy, in particular," *Le Figaro* typically comments, "only a vague sketch of a compromise has emerged and on gold the Americans' concession does not really merit that word".

In the Fort de France communiqué there is no precise commitment by the United States to the holding of a conference between oil producers and consumers, and nothing is

clear on the Third World element President Giscard d'Estaing originally proposed, French observers point out. Dr. Kissinger, the United States Secretary of State, has left himself the rider that the consumer nations' preliminary positions must be "well prepared", but he promised not to adopt dilatory tactics. The original French and American positions on confrontation and collaboration with the oil-producing countries could easily re-emerge in all their force, *Le Monde* fears.

Mr. Fourcade, the Minister of Economics and Finance, commenting on his talks in Martigues with Mr. Simon, the United States Treasury Secretary, hardly played up the significance of the agreement on gold. The "real collaboration" between the United States and France would be seen in the coming months, he hinted, in the reorganization of the international monetary system.

The acceptance by France of an underlining in the communiqué of the importance of its cooperation with Nato for the security of Europe, is significant. The hurrying of the old dispute over French compensation for American installations in France when General de Gaulle pulled France out of the treaty organization in 1966, emphasizes the new Giscardian touch.

Some observers in Paris are speculating whether the two Presidents went further and discussed the role of French nuclear weapons within the Nato defence system. But here President Giscard d'Estaing has to move extremely cautiously in view of the Gaullists. Mr. Jean Lecanuet, the most pro-American of the Gaullist Government and leader of the Centre, warmly praised the outcome of the Martigues meeting today, while the Gaullist party stayed silent.

Mr. Giscard d'Estaing confirmed that he did discuss the so-called "arms contract of the century" the forthcoming replacement of the Stratofortress by four Nato countries, with Mr. Ford, but the impression in Paris is that collaboration, and a dividing of the markets, can eventually apply only to future aircraft and not to the present contenders.

Fixed Energy writes from Washington: President Ford today distilled for congressional leaders the "spirit of Martigues" as his entourage is already calling the new entente with President Giscard d'Estaing.

Mr. Ford is well pleased, and believes that the two leaders have helped to turn the Gaullist page.

Leading article, page 15

## OVERSEAS

## President Ford coaxes Congress into allowing military aid to Turkey for the time being

From Patrick Brogan  
Washington, Dec 17

A last-minute compromise between President Ford and Congress has saved the foreign aid Bill, including military aid to Turkey. The Americans will continue to supply the Turkish armed forces until February 6.

The President will then have to certify to Congress that real progress is being made towards a settlement of the Cyprus dispute. The Administration hopes that Dr. Kissinger's efforts will by then have borne at least some fruit, and that Congress will permit aid to continue.

The foreign aid Bill covers a total expenditure of \$2,600m (£1,130m). Mr. Ford and Dr. Kissinger launched into an intensive bout of lobbying as soon as they returned from Marti-

que yesterday to save it. Dr. Kissinger went to a meeting of congressional leaders in the House of Representatives last night, and the President summoned them to the White House this morning.

Ostensibly, the purpose of the meeting was to hear the President describe his meeting with M. Giscard d'Estaing. He used the occasion instead to urge upon his recent colleagues the importance of preserving American influence in Turkey. Without it the American and therefore Western position in the eastern Mediterranean would be gravely weakened at a time when there was a danger of another Middle East war, and the Cyprus crisis would be no nearer solution.

The Senate had already been won over to the argument, and had passed the foreign aid Bill with a clause allowing

\$187m in aid to Turkey until mid-February. The House steadfastly refused to compromise and insisted on maintaining an earlier ban on aid which came into effect on December 10.

A joint committee of the two houses met several times without reaching a compromise and the whole Bill was therefore on the point of death. Aid to other countries would have continued under so-called continuing resolutions, but aid to Turkey would have stayed blocked.

President Ford has persuaded the House leaders to relent. He has thus survived a major test of his ability to win essential votes in Congress. It is a sign that despite the disastrous mid-term elections last month and the unkind things the inhabitants of Washington continue to say about him, Mr. Ford can still round up the votes in Congress.

## UN pressure grows for Namibia withdrawal

From Peter Strafford  
New York, Dec 17

The Security Council today adopted a strongly worded resolution on Namibia (South-West Africa), designed to bring further pressure on South Africa to withdraw from the territory. The resolution was adopted unanimously after the African countries had agreed to some amendments proposed by Britain, France and America.

The resolution condemns the "illegal occupation" of Namibia by South Africa, and the introduction of "racially discriminatory and repressive laws and practices". It then sets out a series of measures that should be taken by South Africa, and states that the Council will meet again on the subject on or before May 30, 1975, to review compliance with them.

In the event of non-compliance, it concludes, the Security Council will consider "the appropriate measures to be taken under the Charter". It was this last paragraph which was the main issue in the backstage negotiations before today's vote. In their original draft the Africans had wanted to set an earlier date. They had also wanted to make a specific reference to the possibility of introducing sanctions against South Africa if the Security Council was not satisfied with the progress.

The Western countries were opposed to this, however. British officials argued that sanctions against South Africa would be unrealistic, and would tend to strengthen the hard-liners in South Africa at the expense of the moderates.

Today's resolution demands that South Africa make a "solemn declaration" to the Security Council that it will comply with past resolutions of the United Nations, and with the 1971 advisory opinion of the International Court of Justice, which said that South Africa's mandate was ended. The declaration should also say that South Africa recognizes the territorial integrity and unity of Namibia.

The resolution demands that South Africa take the necessary steps to withdraw its "illegal administration" from the territory and "transfer power to the people of Namibia". Pending this transfer, it is required to comply with the Universal Declaration of Human Rights, release all Namibian political prisoners, end all discriminatory and repressive practices and allow all Namibians presently exiled for political reasons to return without danger of arrest.

In a statement after the vote, Mr. Rashleigh Jackson, of Guyana, who is the president of the United Nations Council for Namibia, made it clear that the Africans and their supporters were still considering sanctions against South Africa.

## Rockefeller swearing-in ceremony tomorrow

From Our Own Correspondent  
Washington, Dec 17

Mr. Nelson Rockefeller will take his oath of office as Vice-President of the United States on Thursday afternoon, an hour after the House of Representatives has approved his nomination. The ceremony will take place in the Senate.

It is taken for granted that the House will follow the Senate's lead and confirm Mr. Rockefeller with a large majority. The House Judiciary Committee approved his nomination last week.

The ceremony will be televised live and presumably President Ford will attend.

## Rangoon rioters sent to jail

Rangoon, Dec 17.—A further 24 people were jailed for three years yesterday for taking part in riots in Rangoon on December 11.

A total of 62 people, mainly men in their twenties, have now been sentenced to jail terms of three to five years. The offences ranged from stoning a police car to setting camp on fire and damaging public property.

## Refugee Turks jeer President Makarios

From Our Correspondent  
Episkopi Base, Cyprus, Dec 17

President Makarios was nearly mobbed by hostile Turkish Cypriot refugees when he tried to pay a goodwill visit to their two camps inside this British sovereign base area in south Cyprus today.

The Archbishop's eight bodyguards, armed with Soviet-made Kalashnikov rifles, took up positions around the presidential limousine, facing about 100 Turkish Cypriot men, who were jeering, whistling and yelling abuse.

President Makarios sat grim-faced in his bullet-proof car while Mr. Orhan Murfuzade, the base administrator, a retired British Army colonel, tried to persuade the refugees to let the President's party through.

But the refugees went on standing in the middle of a dirt-track half a mile from the Paramari refugee camp, refusing to move. After five minutes the Archbishop's car turned round and sped off towards Nicosia.

The jeering refugees then started stoning press cars and British sovereign base police patrol cars in the present mood. Several car windows were broken, but nobody was hurt.

This was the first attempt by Archbishop Makarios to come into direct contact with Turkish Cypriots since he returned to the island on December 7 after a five-month exile.

After being turned back at the Paramari camp the Archbishop abandoned his plan to visit a second camp within the base area, at Paramari Forest.

The refugees had prepared an even hotter reception for the Archbishop at this camp. They blocked the approach road with boulders, overturned a car, set it on fire and waited for the Archbishop to arrive.

They also stoned Greek cars travelling along the Limassol Paphos highway, which passes through the base area and near the two refugee camps.

The 8,000 Turkish Cypriot refugees in the two Episkopi camps are angry with both the British and the Makarios administration because they are being prevented from moving to the northern Turkish-occupied part of the island.

Archbishop Makarios drove to Episkopi direct from an emotion-charged meeting in Nicosia with more than one thousand hysterically sobbing relatives of the 3,000 Greek Cypriots still held as prisoners five months after the Turkish invasion.

## Rhodesians not ready to face black future

From Michael Knipe  
Salisbury, Dec 17

Rhodesian Government sources indicated today that it would be extremely difficult for Mr. Ian Smith, the Prime Minister, to persuade the white population to accept majority rule at the end of five years.

No one is prepared to admit that this is to be the basis of the proposed constitutional conference, as has been suggested by some informed sources—even less that parity might be reached to an interim Parliament. However, Government sources are confident that the electorate has sufficient faith in the Prime Minister to allow him considerable room for manoeuvre without the threat of a right-wing revolt.

Mr. Desmond Frost, chairman of the ruling Rhodesian Front, dismissed the prospect of majority rule in five years as "unrealistic and said he believed it to be something that Africans and the press were trying to foster. The views of Mr. Frost are significant in that they reflect those of the conservative bulk of the party, the hard core of the Government's support.

Speaking of the decision to attempt negotiations, he said: "It's the honest truth, it's something that the South Africans started. It wasn't something as far as I know, that we started." He believed that South Africa's hopes were to see Rhodesia get international recognition and thus share its internal difficulties, "but not at any cost".

Asked the mood of the part at grass roots level, Mr. Frost said it was fluid. Some people found it difficult to understand what was going on, but everyone had full confidence in the Prime Minister.

Propaganda in the press could cause people to react in the wrong way, he said. Unless the press indicated to the Africans that their demands were unrealistic, it could lead to a right-wing backlash. Bishop Abel Muzorewa, acting head of the large African National Council, called a press conference today to appeal to the press not to be on the previous divisions of African nationalists. Indicating the importance placed on the Africans' new found unity, asked the press to recognize ANC as the mouthpiece of unified African nationalism.

The bishop expressed concern at the failure of Government to release all African detainees as promised in Lusaka.

The number in detention believed to be somewhere between 300 and 500 and the impression is that the Government intends to release the detainees gradually.

Bishop Muzorewa said Africans would not participate in constitutional conference on all the detainees were released. Informed white circles are emphatic that the proposed conference should take place in Rhodesia and that Mr. Smith should himself chair the proceedings.

## China takes tougher line in Soviet border dispute

Peking, Dec 17

The Soviet Union should reduce its armed forces on the Chinese border to the level of at least 10 years ago, if there is to be progress in the negotiations between the two countries, it has been stated authoritatively in Peking.

A discussion of the frontier dispute, published in the journal *Historical Research*, demands that Russia should cease sending spies to China, put an end to military manoeuvres and "provocations" in the border area. It also urges the Russians to admit that they had seized territory from China by force in the nineteenth and early twentieth centuries, and says that this is "the right way" to solve the dispute.

This statement apparently lays to rest recent speculation that China is taking a "softer line" towards the Soviet Union and might be prepared to drop

the demand for a Russian admission of historical guilt is contained in the first issue of the journal republished a month after being stopped during the Cultural Revolution.

In recent years the Russians have developed a line of historical argument to the effect that their territorial acquisitions from China were just a reasonable. For China demand again that they should change this is tantamount to recognizing that there is a prospect of progress in border talks in the foreseeable future.

The article recalls that Soviet leaders have recently denied that there are any disputed areas on the border. It says that if the Soviet Union sincerely wants progress in negotiations it could begin withdrawing troops from Outer Mongolia and reduce Soviet armed forces in the Soviet border area to the level of the time of Khrushchev.

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# OVERSEAS

## Fear of Israel attack may force Lebanon to buy Soviet missiles

From Paul Martin  
Beirut, Dec 17

Amid growing fears that it will soon be the target of a major Israeli assault, Lebanon plunged again today into the unresolved debate of how best it can defend itself. With the recent Israeli air strike around Beirut still fresh in their minds, Lebanese political leaders are weighing up the possibility of establishing an air defence system.

So far Lebanon has managed to remain outside the main battle arena in successive Arab wars. However, the upsurge in Palestinian guerrilla activity in northern Israel in recent months has threatened to embroil it. Israel has reacted with increasing severity to terror attacks, pinpointing Lebanon as its prime target.

The Israeli air strikes around Beirut—the first military assault on the capital since the 1968 attack on the airport—have exposed Lebanon's lack of air defence. There is now a strong lobby calling on the Government to buy ground-to-air missiles—even from the Soviet Union if necessary.

"Do we need missiles?" asked Mr Rashid Solh, the Prime Minister. "Of course we do." He promised the Government would not hesitate to purchase Sam systems from the Soviet Union if Parliament so decided, though Lebanon has a strong pro-Western bias and has been traditionally armed from this quarter.

The issue of Lebanon's defence is being discussed by the parliamentary, foreign and defence committees who will present their recommendations to Parliament. Although they will be covering well-worn ground, recent events have injected a sense of urgency.

It is becoming increasingly clear to the Lebanese that despite its peaceful record the country is doomed to be the battleground for the so-called Palestinian war.

The recent string of guerrilla actions in northern Israel has sparked off this new soul-searching. Mr Suleiman Franjieh, the President, is reported to be planning a meeting with President Assad near their common border in the next week. He has already met Mr Yasir Arafat, the Palestinian guerrilla leader, to discuss defence matters of mutual interest.

Clearly, the general feeling in the Middle East that war clouds are gathering once more, has increased Lebanese anxieties. Mr Arafat, for instance, is in Syria for "urgent consultations" and is reported to have said he expects a major Israeli attack against Palestinian guerrillas in southern Lebanon. Lebanese fears of an Israeli push to the Litani river line have been revived.

Although Sam is the topic of conversation at the moment, the Lebanese are mindful of the recent history of defence fevers. Many agree with Mr Pierre Gemayel, the Phalangist leader, who declared about demands for building up the armed forces: "Our strength lies in our weakness." He went on to add that Lebanon should not "bring the bear into our courtyard".

According to Mr Gemayel, and a strong lobby agreeing with his assessment, if Lebanon installed a Sam system "the enemy would use this as an excuse to strike at us". This he said could turn Lebanon into "another Palestine, if not worse". He pointed out that Lebanon had so far avoided losing territory to Israel.

The fact remains that a solution to Lebanon's defence needs is one so complicated that it has been in the past thought less dangerous, in the long run, to delve it. Unlike other Arab fronts, the country's political make-up is too delicately woven to allow the stationing of other Arab troops on its soil to bolster its tiny army.

Likewise, material help in the military sphere from combatant states, like Syria or Egypt, endangers its present role on the Middle East stage. As Mr Gemayel pointed out, even a change in the status quo of its armed forces may be regarded by Israel as a "provocation". However, the roar of Israel jets over Beirut last week still rings in many ears.



While much of the world is facing food shortages China has its problem too: how to store a record harvest. The people of Suchien province are relying, as the photograph shows, on silos built in the traditional terrace style of the region.

## Israel claims Russians man Syrian missiles

From Moshe Brilliant  
Tel Aviv, Dec 17

Mr Shimon Peres, the Minister of Defence, asserted today that Soviet soldiers were posted in the Damascus area to man ground-to-air missile batteries.

In reply to questions in the Knesset in Jerusalem, the minister estimated that there were 3,000 Soviet soldiers in Syria.

"We don't know how many of them are in Syrian military positions, but it is known that Soviet military personnel operate some of the ground-to-air missile batteries in the Damascus area and various electronic systems all over Syria."

Breaches of the disengagement treaties by Egypt and Syria had recently been discovered. A few days ago, he said, the Egyptians removed a dozen 130mm guns from a prohibited area after the violation had been discovered and reported to the United Nations.

During recent Egyptian manoeuvres, they moved weapons across the Suez Canal into Sinai in excess of the 30 tanks and 36 artillery pieces permitted under the agreement. They were withdrawn a few hours later.

The Egyptians also dug trenches on the east bank that might be intended for control centres for missile batteries, the defence minister added.

Mr Peres alleged that the Syrians stationed weapons in the reduced force zone of the Golan Heights. He was apparently referring to an Israeli complaint to United Nations observers on December 13 that Syria had 90 tanks there instead of the 75 permitted and had guns in excess of the 36 allowed in the agreement.

Israeli military sources said it was not known whether the excess weapons had been removed.

## Japan does an about-turn on oil

From Peter Hazelhurst  
Tokyo, Dec 17

The Japanese Government, which has so far refused to endorse proposals by the Western industrialized nations to conserve fuel, announced today that it is now prepared to reduce oil consumption by 3 per cent during the next fiscal year.

Significantly, the belated announcement was issued after President Ford and President Giscard d'Estaing agreed to align their divergent views on the question of energy problems during summit talks at Martigny. Until now, the Japanese Government has consistently refused to cooperate with other industrialized nations in plans to reduce oil consumption.

The sudden turnabout in Tokyo's approach to the energy issue is also attributable to the change in the leadership of the ruling party earlier this month. Less than three weeks ago, Mr Kakuei Tanaka, who was Prime Minister at the time, informed President Ford during their summit talks that Japan would find it difficult to reduce oil consumption under the plans put forward by Dr Kissinger, the American Secretary of State.

Mr Tanaka apparently told his American guests that while he believed the United States could afford to cut back on energy consumption, a small island without any resources could not cooperate for two reasons: Japan, unlike the United States, had to import 99 per cent of its oil; and Japan's high growth rate had been achieved because, in contrast to the United States, the country diverted a higher proportion of its energy resources to industry rather than personal consumption.

Mr Tanaka explained to Mr Ford that 70 per cent of Japan's oil supplies went to industry. It is therefore significant that the decision was announced today, only eight days after Mr Tanaka told the new Prime Minister—a man who vehemently opposed his predecessor's plans for a high growth rate—take office. Mr Toshio Komoto, the Minister for International Trade and Industry (MITI), told journalists that Japan had decided to join other nations in the West in their plans to save oil next year.

According to the Government's tentative plans, MITI hopes to reduce consumption by 150,000 barrels a day. Japan consumed 5,400,000 barrels of oil a day last year and the plan would amount to some 3 per cent of the nation's total consumption.

Mr Komoto said the target levels were still fluid and the plan would finally be endorsed when the Government gave the country's future economic picture some shape next week. As a result of the oil crisis and a recession, Japan's consumption of oil is expected to drop to about 233 million kilolitres by the end of the present fiscal year. Although the Government has not announced any concrete targets for the coming financial year, MITI officials admit that besides the supplies of oil which will be allotted for normal consumption, an extra 6,500,000 kilolitres will be imported to build up the country's reserves.

A spokesman for MITI said tonight that Mr Komoto had specifically declared that the Government would reduce consumption but imports would not decline.

Mr Komoto did not give details of how the Government proposed to reduce consumption, but officials hinted tonight that office buildings and private houses might have to bear the brunt of a reduction in energy. It is also understood that television stations will have to limit viewing time and illuminated advertising will be restricted.

The Government calculated in August this year that the country would consume 300 million kilolitres of oil next year if Japan was to maintain a proposed growth rate of 5.2 per cent during the new fiscal year. According to the estimates of government economists, the proposed reduction in consumption would not present industry with any serious obstacles. The growth rate might drop marginally to between 4 per cent and 5 per cent.

## No West Bank regret for brief display of defiance

From Eric Marsden  
Ramallah, Dec 17

One month after Mr Yasir Arafat's speech at the United Nations which called for demonstrations among the Arabs of the West Bank, life has returned to normal in this Christian town north of Jerusalem.

The restrictions placed on its citizens by the military government, after school demonstrations and a one-day shutdown by shopkeepers, have been lifted. People from Ramallah and its twin Muslim town, Al Birah, may again leave the area and cross into Jordan. They can also export olive oil and other products.

Ten shops which were closed indefinitely at the time of the commercial boycott have been allowed to reopen, after representations by the town's Chamber of Commerce and on payment of a surety of about \$800 against a repetition. Ramallah is the last of the West Bank towns to be freed from restrictions.

Life is outwardly quiet again, but the demonstrators who hailed the United Nations recognition of the Palestine Liberation Organization have left their mark. The new military of local Arab leaders is finding expression in a stream of petitions for the return of nine men deported to Lebanon last month.

Shopkeepers in Ramallah, busy with pre-Christmas trade, are relieved at the end of an emergency during which streets were patrolled constantly by security forces, but men show no regret for the brief display of defiance. Like others in the West Bank, they are still bitter over the use of force by Israeli troops to break up the PLO demonstrations.

In an interview before the lifting of the restrictions, the Mayor of Ramallah, Mr Karim Khalaf, told me of the tense changes with Israel officials which led to the town's collective punishment. On the day that all the shops closed, he said, the military governor's aide burst into his council room without knocking and banged on his table, ordering him to report to the governor within five minutes.

Mr Khalaf, who was talking with councillors, led his delegation to the military governor's office for a joint meeting with representatives of the Chamber of Commerce and the Al Birah council. He claimed that the military governor ordered the shops immediately. When they demurred, he said he would leave them in the room alone for 15 minutes to make a decision.

The Ramallah councillors insisted on returning to their own chamber to debate the issue and were allowed to do so, although a decision in 15 minutes was still demanded. However, according to Mr Khalaf, before the time limit expired troops were ordered into action, sealing off 10 shops as an example in the others and forcibly opening the locks of the rest and instructing the shopkeepers to occupy them.

## Rebels from Zanzibar released by Tanzania

Dar es Salaam, Dec 17.—Ten detainees held on mainland Tanzania have been released, according to the Government newspaper the *Daily News* today.

Five of them were said to have been held in connection with a plot to overthrow the Zanzibar Government, which led to the killing in April, 1972, of Sheikh Abeid Karume, the state's leader.

The five were tried in their absence by the people's court of Zanzibar for treason and acquitted earlier this year. The other five, held in Tanzania on various other charges, were released after their cases had been reviewed.

The *Daily News* added that 14 others, including Mr Abdul Rahman Babu, the former Tanzanian Minister for Economic Affairs and Development Planning, and Colonel Ali Mahfoud, the alleged leader of the plot, were still being held on the mainland. They were also tried in their absence by the Zanzibar court, found guilty and sentenced to death in May, Reuter.

## Africans killed in fight at mine

Rustenburg, S Africa, Dec 17.—Four African workers have been killed and 78 others injured in serious inter-tribal fighting at the Bakofeng South platinum mine near Rustenburg, in the Transvaal, during the past three days.

## Churchmen condemn S Africa takeover

By Our Foreign Staff

Leading churchmen in Britain and South Africa have condemned the decision by the South African authorities to take over the land and buildings of one of the leading theological colleges in southern Africa.

Under an expropriation order served by the Ministry of Agriculture at the end of last month, the Bantu Trusts will assume control of the Federal Theological Seminary of Southern Africa in Alice, Cape Province, on Boxing Day. After that date the college—which trains both Africans and Coloureds for the ministry for the Anglican, Congregational, Methodist and Presbyterian churches—will be without a home.

In Bristol, the Rev Harry Morton, general-secretary of the British Council of Churches, said that "all Christians must surely deplore this extraordinary action against a major church institution". The Council's international affairs division has requested an urgent meeting with the South African ambassador to discuss the matter.

Lord Ramsey of Canterbury, who visited the seminary in 1970, said yesterday he was "deeply grieved" by the decision to appropriate the college, which he regarded as "a really important institution for Christian progress in South Africa".

In the Republic itself, the Archbishop of Cape Town, the Most Rev B. E. Burnett, has issued a strongly worded statement saying that the move "will produce in many a sense of outrage, because once again black people are being pushed around by white people who have power".

The seminary, which is attended by about 150 students, is situated at one of the oldest mission centres in South Africa. A large number of the staff are white, many of them from Britain, including the seminary's president, Father Theodore Simpson.

The official reason for the takeover is the need for expansion of the neighbouring Fort Hare University, one of the country's leading African educational establishments. However, it has been pointed out to the authorities that there is plenty of room for the university to expand in other directions without having to expropriate the seminary's lands and its excellent modern buildings.

Churchmen feel that the real reason for the Government's action is the seminary's multi-racial character, particularly as it is often visited by black students from the racially-segregated Fort Hare University.

## Protesting Malaysian students put to test

From Our Correspondent  
Kuala Lumpur, Dec 17

Defiance by students of the Malaysian Government, kept up for a fortnight in spite of tear gas and arrests, will come under a different kind of pressure tomorrow when examinations begin.

The students who have been boycotting lectures talk of boycotting the examinations as well. But the University of Malaysia has said that anyone without a proper reason for not sitting the examinations will be deemed to have failed.

So, jobs and careers are at stake at a time when jobs of any kind are hard to find. About 700 students are due to begin taking their examinations for a diploma in education and an MAE degree tomorrow.

The examinations will begin in a convent school away from the university. Professor Ungku Aziz, the Vice-Chancellor of the University, has explained that conditions on the campus are not ideal. "We don't want people banging drums outside while others are sitting for examinations," he said. "Two students under detention will take their examinations in police cells."

A large turn-out on the first day of the examinations could bring an end of the bout of student demonstrations, the largest and most protracted in years, against inflation, low rubber prices and corruption. The main test will come on January 12, when undergraduate examinations begin.

The Government, however, is plainly displeased and action seems inevitable both to secure the students' demands and to establish tighter control. Already a publicity campaign is under way to tell the people of moves to soften the impact of inflation.

## Yugoslav writer will stand trial tomorrow

Belgrade, Dec 17.—Mihajlo Mihajlov, the dissident Yugoslav writer, who was charged last week with spreading anti-Soviet and anti-Yugoslav propaganda, will stand trial on Thursday, official sources confirmed today.

Mr Mihajlov, aged 40, is a specialist in Russian literature and is known in the West for his books *Moscow Summer* and *Russian Themes*. He was arrested early in October in connexion with five articles published in American newspapers and Russian émigré journals in Europe.

Under the article of the criminal code concerning "hostile propaganda" he could face up to 15 years' imprisonment if found guilty.—Reuter.

## Death sentence upheld on Mrs Park's killer

Seoul, Dec 17.—The South Korean Supreme Court today upheld the death sentence on Mun Se Kwang, who shot President Park's wife dead when attempting to assassinate the President on August 15.

### THEATRES

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PARLIAMENT, December 17, 1974

# Mr Stonehouse neither Czech spy nor CIA agent: time for family to be allowed privacy

House of Commons

MR HAROLD WILSON, Prime Minister (Huyton, Lab.), said in a statement: Publicity has recently been given to allegations that Mr John Stonehouse (Walsall, North, Lab.) was spying for the Czechoslovak Intelligence Service at the time he held ministerial office. These allegations were first made by a Czechoslovak defector in 1969.

With my approval, the security service investigated these allegations fully and reported to the court of their inquiries that they interviewed the defector, and they questioned Mr Stonehouse about his contacts.

Following their investigations, the security service reported that at that time there was no evidence to support the allegations.

I am today advised again that no evidence to support the allegations has come to light at any time since then.

There is no truth whatever in reports that Mr Stonehouse was being kept under investigation or surveillance by the security service at the time of his disappearance.

MR HEATH, Leader of the Opposition (Bexley, Sdcp, C)—To make a statement of this kind is an unusual procedure. (Labour MPs: "Necessary.") From time to time there are press stories about intelligence activities and it has been said that Mr Stonehouse was not a spy.

It is only fair and right to Mr Stonehouse, since so many newspapers have had to print headlines on this matter, for me to say what I know and to say that I have been told.

It is not for me to follow that I shall comment in all future cases. It is a matter for discretion and it is very difficult.

I have no information about the disappearance. That is being investigated by the American police authorities and they are, of course, not in the habit of giving me information. I only wish I had, but I have not.

Perhaps Mr Heath had in mind another issue, which has been raised in the public press, of a security kind, a statement has immediately to be made in the House.

Mr Wilson has dealt with one allegation, but there are others on which he has not touched and it still leaves those allegations open to the press and the public in stories, which are circulating about Mr Stonehouse.

I hope further consideration will be given to this matter. As I have raised it, can he tell us what inquiries have been made by the Government about the disappearance of Mr Stonehouse?

MR WILSON—As to this statement, I am sorry only that it is a difficult problem for anyone holding the responsibilities he has and I have both bled to know when to

make statements on these matters and when not.

In Mr Heath's case it caused considerable surprise when he volunteered a statement that Mr Philby was the third man on that famous occasion. I did not criticise him for saying it because he was obviously speaking with a full sense of responsibility.

In this case there has been a serious press campaign (Labour MPs: "Scandalous")—based on stories going back to 1969 when I had responsibility in these matters. I had them fully investigated at the time and there was nothing in them.

One has always to face the possibility that when defectors come forward they have had to invent and find their capital diminished—their intellectual capital of course—they try to revive their memories on these matters.

However, nothing has been said this week which was not said in 1969 when the most rigorous inquiries were made.

Not only was it proved then that Mr Stonehouse had not been a Czechoslovak spy—indeed that was not the suggestion—but that he was not in any sense a security risk.

It is only fair and right to Mr Stonehouse, since so many newspapers have had to print headlines on this matter, for me to say what I know and to say that I have been told.

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One has always to face the possibility that when defectors come forward they have had to invent and find their capital diminished—their intellectual capital of course—they try to revive their memories on these matters.

distressing pressures causing unnecessary pain and anguish to them.

MR WILSON—I agree with Mr Molloy. One reason I made the statement was because the public was not put in the form of innuendo but as statements of fact and I thought it right in the interests, especially, of the family that this should be said. It is a great relief to have said it.

I understand that his mother has had a serious heart attack during the anxiety and pressure.

I think now that the press to question about the matter and asking children, domestic staff and everybody else the most far-fetched questions about matters which at the end of the day have to be settled by the police authorities in another country, I think it is time they be given a little decent privacy and understanding and the lie I have disproved, that they will use newspaper to print the truth in place of the lie.

If it is any help that I have given this statement, I hope, considering the yards of newspaper devoted to the lie I have disproved, that they will use newspaper to print the truth in place of the lie.

MR PRENTICE—Yes, I can give that assurance. I have referred to the Advisory Council on the Supply and Training of Teachers. The implications of the recent birth rate projections so that we may review our plans for entry into the college in the next year.

These plans will be consistent with an improvement in the pupil-teacher ratio, including arriving at a situation within a few years where I hope there will be no classes over 30 and much smaller classes in the kind of circumstances I have described.

MR SEELTON (Lambeth, Streatham, C)—Last April we agreed with the figure of 510,000, the number of children under 16 in 1980-81. What figure does he now have in mind for 1980-81?

MR PRENTICE—I did accept the figure of 510,000. It is now 510,000. The main reason for the increase is that we have had a very high birth rate in the last few years.

When the 1972 White Paper was written it was assumed that the school population by 1980-81 would be 560,000. On the latest projections it will be 570,000, almost one million children fewer than was then supposed would be the case.

MR HAMPTON (Ripon, C)—How can he justify his policies with regard to colleges of education? He has a very high birth rate and amalgamations, giving them the chop and now holding a new axe over their head by threatening to cut teacher-training targets?

MR PRENTICE—He had better be careful to make clear that he is not campaigning for large-scale amalgamation. He is simply saying that the Government has to make decisions about the future of education. It is not for me to say that the Government is wrong.

Both under the previous and present administrations a great deal of time and care has been taken to ensure that the Government is not making decisions about the future of education. It is not for me to say that the Government is wrong.

Since the limits were imposed (he added) there have been a great deal of time and care has been taken to ensure that the Government is not making decisions about the future of education. It is not for me to say that the Government is wrong.

MR PRENTICE—I am sure that the Government is not making decisions about the future of education. It is not for me to say that the Government is wrong.

MR LANE (Cambridge, C)—Although last week's announcement may be some help, will the Secretary of State go on using his powerful muscle on the Treasury to shield the universities from the worst effects of inflation?

MR PRENTICE—I will certainly do my best to use my muscle on the Treasury to shield the universities from the worst effects of inflation.

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# Implications of birth rate on teacher training

MR GUY BARNETT (Greenwich, Lab.) asked the Secretary of State for Education and Science for a statement about his policy on the size of classes in primary and secondary schools.

MR PRENTICE—My aim is to achieve a more balanced distribution of teachers and to ensure that there are sufficient teachers to ensure that no class in a maintained primary or secondary school need exceed 30.

MR BARNETT—Will it be his policy to ensure that the class size of 30 children? There are areas of our primary and secondary schools where there is a need for classes of considerably less than 30. I think particularly of the areas of educational disadvantage, children with linguistic and language difficulties, who need to be taught in much smaller groups.

In the plans he is bringing forward for the future of teacher training and supply, is he bearing this factor fully in mind?

MR PRENTICE—Yes, I can give that assurance. I have referred to the Advisory Council on the Supply and Training of Teachers. The implications of the recent birth rate projections so that we may review our plans for entry into the college in the next year.

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# New tax rules about domicile not to apply to gifts made before Finance Bill was published

MR JOEL BARNET, Chief Secretary to the Treasury (Heywood and Royton, Lab.), moving the second reading of the Finance Bill, said the new Finance Bill this year made a start on the construction of a fair and just tax system. (Conservative protests.) He had never been more convinced that without such a system they could not hope to achieve the unity and co-operation needed at this time of crisis. The present Finance Bill continued the tradition of the previous one.

Finance had been a consistent theme of the Government. They had sought to give a fair deal to pensioners and to families with children. They had taken the first steps towards a fair distribution of wealth and they were doing so by making the new Finance Bill avoid the great unfairness of all-mass unemployment.

The Bill was a substantial one, much longer than any autumn Finance Bill in recent years. The main reason for the inclusion of a major and long overdue tax reform, the capital transfer tax.

Too easily avoided The purpose of the capital transfer tax was to remedy the deficiencies of the existing estate duty by ensuring that there was an effective tax on wealth. Estate duty had been too easily avoided in the past.

The duty had been avoided altogether on estates given away more than seven years before the testator's death. The duty had been avoided by putting it in the hands of the donee, who would then be able to put the duty for generations, up to 80 years or more, by putting it in the hands of a trust.

No fair-minded person could say it was fair that such a situation should persist. Estate duty was a tax on the transfer of wealth, and it was not fair that it should be avoided by putting it in the hands of the donee, who would then be able to put the duty for generations, up to 80 years or more, by putting it in the hands of a trust.

The Government had decided to do this. The new Finance Bill would ensure that estate duty was a tax on the transfer of wealth, and it was not fair that it should be avoided by putting it in the hands of the donee, who would then be able to put the duty for generations, up to 80 years or more, by putting it in the hands of a trust.

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Under a programme designed to achieve a major distribution of wealth a system must be found which reversed these defects. The new tax would apply, subject to certain exemptions, to all transfers of wealth whether made by gift during a person's lifetime or on death.

A number of exemptions from the charge were set out in the Bill. He hoped the scope of the relief would demonstrate the Government were prepared to be flexible in applying the broad principles of the new tax.

The broad effect of the transfer tax was to give relief on the same scale as at present applied under estate duty.

Works of art The question of how works of art were treated in private hands was a matter which had to be dealt with in the Bill as published.

It was intended to bring forward suitable amendments at committee stage. The intention was to introduce amendments to prevent avoidance by making gifts through the medium of trusts, for example, to avoid the charge on settled property.

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# We've always maintained it takes two weeks to really enjoy Silk Cut. Some people don't agree.

In the past, we've always advised new Silk Cut smokers to try out our cigarette for at least a fortnight.

Two weeks, we felt, was about the time it took to appreciate its mild, yet satisfying taste.

(Particularly after some stronger cigarettes.)

We fight shy, however, of giving such advice now.

Since we've recently come across a number of our smokers who tend to disagree with it.



Iain Campbell, Glasgow.

Iain Campbell is, as is evident from his photograph, a keen gardener.

And as such appreciates that good things sometimes take a little time to blossom.

"I was quite prepared to spend a couple of weeks getting to like Silk Cut," he said. "In actual fact, it took just over a week."

Alfred Custance had much the same sort of experience.

"It didn't take me any time at all," he told us.



Barbara and Alfred Custance, Woodingdean, Sussex.

His wife, Barbara, also happens to be one of our smokers.

In fact, she was the person who introduced him to Silk Cut.

Though she did find the transition from her previous cigarette somewhat harder.

It having taken her a month.



Phillipa Hather, Manchester.

Phillipa Hather has smoked our cigarette for six months.

And like Iain and Alfred, found the change an easy one.

"It only took me one cigarette," she declared. "I enjoyed smoking Silk Cut straight away."

Albert Fisher, you will note, experienced a touch more trouble than that.

He spent a good three weeks smoking our cigarette before

he could really say he enjoyed it.



Albert Fisher, London.

But he agreed with Phillipa, Alfred, Barbara and Iain on one point at least:

That we should tell you it's worth acquiring a taste for Silk Cut.

Even if it does take more than a couple of weeks.

As you can see, we thought it better they tell you themselves.

## Silk Cut. The mild cigarette.

THE SILK CUT RANGE: SILK CUT REGULAR, KING SIZE, NUMBER 1, NUMBER 3 AND EXTRA MILD.

LOW TAR As defined by H. M. Government

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING



## Why universities may be forced to lower their standards

● The Association of University Teachers, which has 27,000 members, meets in Bath today at a time when universities are more under threat from financial starvation and national ill-will than they have ever been before. Professor William Wallace, a pro-Vice-Chancellor of the New University of Ulster, Coleraine, and this year's president of the association, argues that universities provide a vital service, which the nation cannot afford to do without.

Most British institutions are susceptible to caricature, and none more so than the universities. Respected old gentlemen in gowns and mortarboards arguing abstruse irrelevances against a background of gothic towers; scruffy, long-haired undergraduates rampaging through glass and concrete administrative blocks; these are the stock-in-trade of the critics. Other institutions are equally vulnerable. The trade unions, for example, receive their share of abuse. But they can hit back and protect their interests in a way the universities cannot. If power workers strike, governments and the public immediately feel the effects. If universities strike, governments and the public do not know what to do with less. The possible decline of the universities carries no immediate obvious threat to the welfare of the nation.

The decline is not quite under way. The quinquennial settlement was less than reasonable, but some developments could be postponed and others slowed down. Supplementations for inflation were removed at the very moment that inflation started spiralling, but reserves could be run down and universities could go over to deficit financing. The University Grants Committee could throw in the small fund it had set aside to encourage innovation, and the Government could add a little more to compensate for having calculated too savage a non-supplementation cut. But with major deficits destined for the end of this academic year and crippling ones for the year after, real and rapid decline is horrifyingly near.

For several years now all universities have been searching out ways of saving money. Inflation apart, it has been very difficult in face of the increasing sophistication of both teaching and research and the rising expectations of both students and the public at large. No doubt more can be done through increased rationalization and greater co-operation, particularly where institutions are fairly close to one another. But there are limits to go beyond which would destroy the comprehensive and corporate nature of individual universities.

The importance of the universities to the economy is frequently overlooked. An annual expenditure of more than £400m on staff, buildings and facilities carries greater significance when broken down to £4.5m for Sussex, £3.4m for Lancaster, or £2.3m for Stirling. The annual output of highly skilled manpower is now quite staggering, not far short of 60,000 with first degrees or of 15,000 with higher degrees. About 50 per cent of those with first degrees are in pure or applied science, including medicine, and about 60 per cent of those with higher degrees. Some of those with first degrees immediately go on to higher degrees, and some with either go abroad. But altogether about 9,000 enter engineering, chemicals and manufacturing industries in general, and about 1,000 enter commerce, banking and accountancy.

The welfare state and the public services also depend heavily upon the output of graduates. The 3,000 doctors and dentists are already insufficient to meet the annual needs of the health service. Central government absorbs 1,000 graduates a year and local government 3,000. More than 1,000 take up legal practice, and more than 10,000 go into one level or another of education. Contrary to fashionable belief there is no shortage of good or potential applicants for university places. Despite the alternative opportunities offered by polytechnics and other institutions of higher education the number of students admitted this October has again increased on the previous year.

If some universities had to close down, the remainder would have difficulty maintaining the present level of output, let alone increasing it or going seriously into the field of continuing education. But it is doubtful whether any government would want to face the political consequences of closures, or could even contemplate them given the arguments and forces that would be ranged against them. If all the existing universities were given just enough supplementation to stay in business, it is equally certain that they could not cope with rising numbers, or indeed cope properly with what they are at present.

But the crux of the matter is that, unless the universities are restored to something like the comparative financial position they had before they were caught up in the scissors of government economy and accelerating inflation, they will have no alternative but to reduce the standard of the education they provide. Once all the economizing and redeployment has been done, there still needs to be substantial supplementation

—and reparation—if the technologists and economists, consultants and civil servants they turn out are not to be sub-standard and therefore damaging to the industrial and social fabric of Britain.

The importance of university research is also underrated. About one-eighth of the universities' recurrent expenditure is provided under grant or contract by outside bodies specifically for research. But that is only the tip of the iceberg. The whole system of university financing is based on the interdependence and inextricability of teaching and research; and academic staff spend upwards of a third of their time (much of it "out of hours") on research of one kind or another. Exploring the energy field and applying discoveries has depended in large measure on the universities, as have advances in medicine, in the understanding of the environment, and in the protection of the socially disadvantaged and the treatment of the socially sick.

All this is now in jeopardy. The fall in public funding is worsened by the reduced budgets of the research councils and the investment difficulties of many of the private trusts. It may be no loss if some of the more esoteric and much-criticized research projects go to the wall. But any serious decline in the research activity of British universities would not only lower the standard of their graduate output but would seriously impair the international competitiveness of the British economy.

No one would argue that there is perfection in the universities. Some of the caricatures are not caricatures at all. However, the universities are fully alive to the realities of Britain's domestic and international situation, and they are anxious to be able to make their contribution to retrieving it and to helping mankind at large. They are willing to make sensible economies. They are trying to improve themselves as, for example, the Nuffield investigation into innovation in higher education is already showing. But they cannot accept that their currency must be debased.

It is appropriate rather than unfortunate that the universities have no weapons other than reasoned inquiry and discussion. All they ask of the government and the public is reason in return. There is urgent need of informed debate and meaningful negotiation to enable the universities to do all that is required of them in teaching and research in the next crucial decade of reassessment and recovery.

William V. Wallace

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## An economic tightrope for Labour

Ronald Butt



Mr Foot: A wage freeze would mean his departure.

In its debate on the economy today, the House of Commons has to address itself to a very simple question. With the nation staggering near the brink of the worst economic crisis of the century, is Mr Healey justified in his reliance on his search for Arab cooperation, and on the social contract, and the social contract expenditure cuts at home, to pull the nation back to comparative safety? The Chancellor's direct and friendly approach to the Arabs may well pay off, for there is little support among America's allies for Dr Kissinger's wish to wield a collective cudgel of consumer resistance against the oil producers.

Yet, since the Chancellor came back from Saudi Arabia in an apparent mood of ebullience, the Government has almost seemed to be using his optimism as a justification for diverting attention from that part of Britain's inflationary problem that is generated at home—and it is the consequence of this attitude that the Commons have to scrutinize. Dare the Government rely in 1975 on the social contract; are there other things that should be done and, if so, why will the Government not do them?

The rationale of the Government's resistance to doing more starts from its assertion that our domestic problem is one of inflation, but not one of excess demand. It therefore insists that deflationary measures which would damage productivity are ruled out; that the wage increases must be kept within manageable limits by the social contract; and that so far, the social contract (the miners excepted) is not doing too badly even if it is not doing as well as might be hoped.

But is it a question whether the social contract, even if it works as well as possible within the Government's definition of it, is an adequate deflationary device? Mr Michael Foot's party political broadcast last week was illuminating. Essentially, what he said was this. The Government is prepared to concede extra high wages to deserving cases (the miners, the bakers and the nurses) but if everyone

gets (say) 30 per cent, the special advantage that these groups ought to have would be lost, prices would be pushed up all round, and a slump would be brought nearer. Therefore, said Mr Foot, the wages aspect of the social contract was vital but the way in which he defined it was significant. He pointed out that there was no room for any increase (and he underlined the word in his text) in living standards. Wage settlements must be on the basis of keeping pace with the cost of living and no more, and also on the basis of making new wage settlements only every 12 months.

Yet even if the social contract works according to Mr Foot's definition, it is surely a question whether, if it does sustain living standards it will be an adequate economic defence.

If wage increases enable people to sustain the same standard of living on the basis of rising important prices, the danger is that we shall continue to build external inflation into our own economic structure. On this analysis, it is arguable that wage settlements ought to be marginally below what is necessary to sustain the standard of living, with the result that people reduce their consumption, if inflation is to be checked.

Which is the answer to this, in justification of the present policy, is that it would of course be a correct analysis if import prices rose beyond a certain rate, but the hope is that the rise in raw materials will begin to ease off, and that the oil producers will be reasonable. Given no great worsening of the external position, the argument runs, a social contract that keeps wages in line with the rise in the cost of living should be enough to contain inflation gradually assuming an annual productivity increase of between 2 and 3 per cent. This should give producers an annual 2 or 3 per cent improvement in their unit costs which, if passed on to consumers, would mean the gradual curbing of inflation over a period of time.

How long this would take, of course, a key question and the answer depends on various uncertain factors such as import prices and the development of wage settlements over the next year—but even the optimism conceded that 1975 will be a bad and dangerous year. Put like this, it hardly needs stressing how fragile a defence is the concept of a nicely balanced social contract on wages which seems to promise maintaining living standards—and this would be true even if the social contract worked as well as the Government hopes which, of course, it is not doing. In this situation, the economic syndicalist responses to the shop floor represent a different brand of leftism from Mr Foot's, would go with him—the fact is that a wages freeze would split the Labour Party.

Further deflationary measures are ruled out because of the Government's commitment to employment and job protection—even though Mr Benn's extreme vision of job protection, regardless of the economic price, has had a setback with his enforced abandonment of his hopes of saving the HS146, which he had hoped to save with Government money. The fact is that rescuing the jobs that men are already in is a major consideration for the Labour Government as a whole. Similarly, realistic pricing policies still have to be subordinated to the "social contract" on wages. The measure Mr Whitehall (left to its own devices) would, one suspects, be most prone to consider, therefore, is a short wage freeze which would not be followed by the kind of statutory policy for incomes which would be used by the Government to force Mr Wilson to over and over again pledged against such a policy (at any rate until the crisis has already burst) and the officials who write it into their various contingency plans know that the moment a wage freeze is introduced, it is understood that such a policy would mean the departure from the Government of Mr Foot, because of his close ties with the union hierarchy. And though it does not necessarily follow that Mr Benn's syndicalist responses to the shop floor represent a different brand of leftism from Mr Foot's, would go with him—the fact is that a wages freeze would split the Labour Party.

Bernard Levin

## Wild imaginings that see a baby as a guerrilla

The most extraordinary thing about the remark that Dr Bridget Rose Dugdale is reported to have made at the first sight of her newborn son—"He's going to be a guerrilla"—is that it is quite possible that it was not even said with conscious thought of its effect; "He's going to be a guerrilla" may actually have been the first thing she thought when she saw her child. For

Cruelty has a human heart And jealousy a human face. Terror the human form divine, And secrecy the human dress.

And it is therefore not at all impossible that Dr Dugdale, so far removed from consciousness of her own inadequacy, so unable to see the nasty futility of her own life, so achingly devoid of any trace of a sense of humour, that all she could see in the infant was something as mad, bad and dangerous to know as herself. One would not expect Dr Dugdale to declare that her son was a little bundle of joy sent by the angels, nor that his tiny fingers and toes were as beautiful as fairies' footprints; nor would one expect her to announce his birth in the appropriate column of *The Times*. All the same, even for a woman whose most notable achievements to date have been to rob her own parents and then to terrify two gentle

people and steal their pictures, probably for no better reason than that in her poor, broken mind the people represented her parents and the pictures something as eternal and immutable as her beliefs are, she might suppose that her first-born would be something less fatuous.

"He's going to be a guerrilla." No doubt Dr Dugdale would dismiss with contempt anyone who found anything odd in such a response to the sight of her newborn child. The "revelation" is all that matters, and for her I suppose, a baby is not, as it might be to other women who had just given birth, a creature who might take any one of a million paths through life, who might achieve fame or happiness or to his parents' shame, but an empty vessel into which she will pour all her ignorance, all her desperate need to turn her self-hatred outwards, all her intolerance and dark desire to inflict pain, until the senses are fuffed off and it spills over into the same waste and folly as has made of her own life. She thinks of herself as a guerrilla, though in truth she is nothing but a fool; so she thinks of her son as a guerrilla, though in truth he is nothing but a baby.

One might think that even a woman as confused as Dr Dugdale would stop for a moment and think of her own birth and of her own parents.

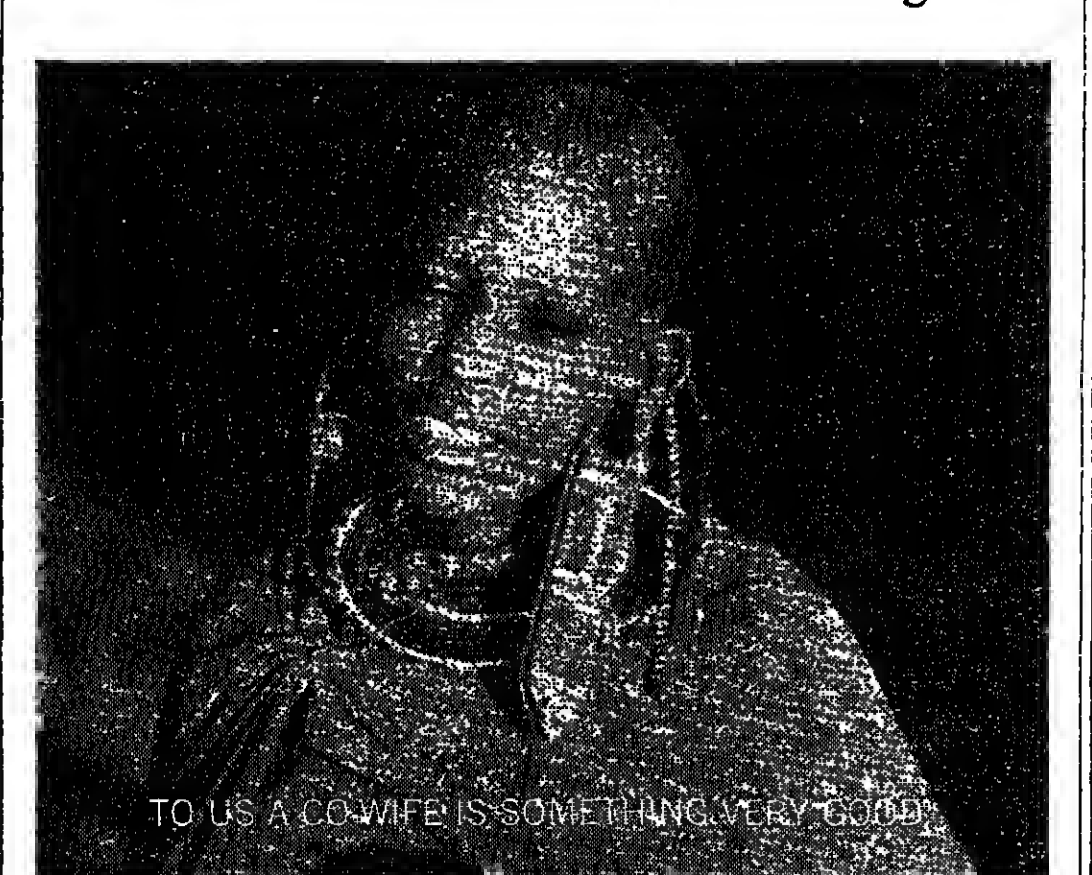
It is not recorded what her mother's first words after giving birth were, though I think it is unlikely that they were "She's going to be a fascist-capitalist-imperialist-bandit", still, it is even more unlikely that they contained even a passing guess at what she did in the end become. No doubt, human nature being what it is, Dr Dugdale's mother hoped that her daughter would grow up to be a credit to her parents; no doubt it did not cross her mind that the child would grow up to be a violent terrorist in a rotten cause. Is it not possible, then, that Dr Dugdale's son may grow up to be something less than a guerrilla, but a guerrilla to his parents' shame, that he might, while loving his mother no less than her parents still clearly love her, confound her hopes by becoming say, a stockbroker, an army officer, or a poet? She will, of course, do her best to inculcate him with the best and noblest values by which she lives; but then, her parents did their best to imbue her with the spirit of the straight and honourable values by which they lived, and although of course she would reverse those pairs of adjectives, doing so might not, in itself, be quite enough to ensure that her proud boast—"He's going to be a guerrilla"—is fulfilled.

Feeling sorry for Dr Dugdale, which I do and which I hope any person of sensibility would, is presumably something that would make her much angrier than hatred and denunciation. However just a prison sentence may be, and however impossible it may be to have people like that walking about free to be a menace to everybody else, the sheer horror of locking human beings up in a cage whatever they have done, still comes into any contemplation of crime and punishment. How much more, then, must one feel sorry for Dr Dugdale. In the first place, she committed her crimes because her poor, soft, impressionable head had been so crammed with crazy rubbish by her lover and her own psychological problems that everything else was pushed out of it. And in the second place, of course, she has given birth to a child in prison, and since it is inconceivable that the Irish authorities will allow the child to grow up in prison, there will come a parting which for her will be doubly bitter in that it will not only be the parting of a mother from her child but will inevitably torment her with the conviction that he will be taught to hate her rubbish cause. I hope myself that it will not need to be taught that I hope that he will conclude when he is old enough to think about such things, that a cause which leads to such empty, beastly behaviour as his mode was involved in must be a cause to shun, though I hope he does not go on from that conclusion to shun his mother, too.

It may be, of course, that I will grow up to be a credit to her in a sense different from that which she would use stand, and instead of being a guerrilla will be the instrument of rescuing her from the mental morass in which she wallows; perhaps he will, through example if not through argument, show her, in the more literal sense of the old word the error of her ways. Perhaps he will do something which can be certain that anyone who will undertake to say of him that he is likely to be a guerrilla, is he? Has Dugdale thought of the ultimate horror, the possibility that he will be a priest?

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## 'Ore te kimaasai aisidai ankaini oleng'



TO US A CO-WIFE IS SOMETHING VERY GOOD

In Granada Television's *Disappearing World* series, the people speak for themselves. Sub-titles explain the meaning of what the men and women of the tribal societies are saying, but viewers have the pleasure of hearing the way they say it. A simple technique, but one which shows that the human voice can be as important as words in communicating beliefs and ideas.

Here is what some of the critics have said:

'Granada's *Disappearing World* is going a long way towards rehabilitating the image of "savages", partly because of the quality of anthropological reports on the lines of *The Masai*, and partly because the simple expedient of using sub-titles gives us direct access to the timbre of their language.' *Sunday Times* (Peter Lennon)

'... the excellent *Disappearing World* has by now led us to expect the bonus of talk, with sub-titles.' *The Observer* (Clive James)

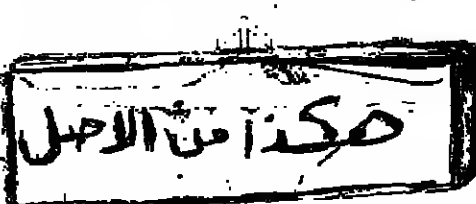
'... I can't remember seeing a documentary that got so well beyond the superficial to reveal the living sinews of a fascinating way of life.' *Daily Express* (James Murray)

'This was an unusually clear and vivid picture of life in a tribal society based on intimate knowledge.' *Daily Telegraph* (Sylvia Clayton)

'Shutting your eyes, you can still see flying bodies, naked but for the shine of oil or the pattern of paint. Women laughing over their shoulders, children collapsing with giggles, families talking together in their hammocks in the evening while the clouds turned puffed and pearly... Games, games. Regardless of their doom the little victims play. Though, it seems, the men at least know that a highway is to be driven within a mile of their village in a year or two, and when it comes they are finished. All Granada can do and is doing is to preserve them in amber.' *The Guardian* (Nancy Banks-Smith)

The final programme in the current *Disappearing World* series—*The Sakudai*—is on Independent Television tonight at 9 o'clock

GRANADA TELEVISION



## The Times Diary

### Going hungry to help the starving

week. The Reverend Suhir Biswas, dean of Calcutta Cathedral and director of their relief mission, said: "You have to feel it before you can do anything. Anyone who has given up a major meal a day feels it. We do it here at the cathedral to remind ourselves what it feels like."

Christian Aid, in Britain, say they are not going to make their major launch of the Frugality Campaign until after Christmas.

### Not serious

There was a nasty scene at the Albert Hall on Monday night during a concert of Greek music in aid of Cyprus refugees. Ian Hendry, the actor, left the stage to some jeers and booing after a confused 20-minute performance of readings and jokes which offended many of the 3,000 people in the audience.

Hendry had not been scheduled to appear in the programme. He did so at the last minute suggestion of Stavros Xarchakos, the Greek conductor. Xarchakos wrote the music for the recent television series, *The Lotus Eaters*, in which Hendry played an alcoholic living in Crete. It was Hendry's light-hearted approach which first alienated the audience, among whom were the Cyprus High Commissioner and Greek Ambassador. He began with a joke

about "when I was a little girl..."

George Lanitis, the press secretary at the Cyprus High Commission, and vice-chairman of the Anglo-Cypriot Society, said yesterday: "People went there to pay homage to the refugees. It was a serious affair and he wasn't serious. As far as we were concerned it was rather unfortunate that he was there."

Hendry came on stage and sat on a high stool. According to one member of the audience he "rambled in an incoherent way about his early experiences at the Albert Hall". This is when the heckling started. "Hendry, you're boring us", one man shouted.

Then he read a poem by a young refugee and further angered some spectators by appearing to be dismissive about it. He followed this with what he described as a poetic composition of his own, which some Greeks and Cypriots found incomprehensible.

There were further jeers and groans at this point. "Get off, some people shouted."

W. B. Whitworth of Much Hadham spotted this novel gift idea in the Christmas gift guide in *The Times* last Saturday: "Girl to join ski party."

### Uncharitable

Sales of charity Christmas cards in London have dropped by some 25 per cent this year. Part of the shortfall is probably due to the failure of the Charity Christmas Card Council—which represents 105 charities—to open its outlets on time. The opening of four of the seven outlets was delayed by at least a week and takings are down by £20,000.

One factor in the failure to open the outlets on time was apparently the disagreement among council members about suitable sites. Each year, sites are lent to the council by business firms.

"This year we're not even announcing that we're not sending Christmas cards this year..."



Last year the council began selling cards in London on October 8 and between then and October 7 this year it began on October 14 and between then and December 27 did £60,430 worth of business.

### Rude, nasty

The Bear Gardens Museum in Southwark has a Christmas show appropriate to its antecedents if not to the good will of the season. *A Very Rude and Nasty Pleasure* takes its title from Peppys and is an exhibition devoted to the history of fighting dogs, and of bull and bear baiting—ferocious sports for which the Southwark Bear Garden was a popular centre from Tudor times. The show was arranged in co-operation with the Southern

Counties Staffordshire Bull Terrier Society, and dead dogs several ugly and pugnacious breeds lay a promise of what it. There is also a stuffed dog which looks as if it had been baited with mothballs.

A tribute to the British bulldog, *Canis Pugnax*, says it breed is magnificent, ancient, rare, much maligned and misunderstood. "The bold, and most resolute of animals there is nothing a good hulk will not attack... with manly courage he will give up only with life itself." Sadly, says the exhibition, the bulldog is for export. This noble dog becomes degenerate abroad.

### Sporting

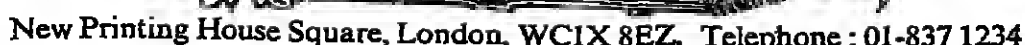
When is a festival an arts festival? Local authorities have a few ideas on the subject. According to the Arts Council report on local spending the arts and museums.

"Despite reluctantly excluding primarily stomach-orientated feasts, it may be that some of the figures listed include more spent on oxen (for roast) and pigs (for bowling) for a more ingredients in the gastronomic arts," says the report. Contributions to Christmas street lighting were one of the arts and museums. The Folk Dance and Song Societies are included, although, by so quirk in our cultural lists this body is granted aid by the Sports Council, not the Arts Council.

I am sorry that I diagnosed Lord Oliver's illness wrong, yesterday. He is suffering from muscular inflammation! I from muscular inflammation! I expect that, like the rest of us, he is suffering from inflammation also. Get well soon, PH

Raymond Fletcher's well-known will appear on this page tomorrow.





link with the past! I knew about minutes when I was a girl. So let's enjoy the time while we can understand it, before in the sacred name of progress we move into minutes and milliseconds.

Yours faithfully,  
DOROTHEA JONES,  
53 Kensington Palace Gardens, N.W.



## A child's guide to the season's entertainments

Young people who live in the London area can meet Old Masters this Christmas, learn how stars pulsate, work their way through the Bodybox or find out how a surgeon spends his day—all by courtesy of some of the great national institutions which let down their hair at this time of year.

Both in and out of London there are all the usual Christmas shows and exhibitions. Details can be found in local papers but here is a selection:

### Christmas shows

Cockpit Theatre: *Humbug*, adapted from *A Christmas Carol*, December 30-January 4; *Sinbad*, Paul Hansard's Puppets, December 26-28—both matinees only.

Inter-Action: *The Last Straw*, with live animals and live musicians, an "environmental barnyard entertainment"; *Boxing Day* until January 5, Almost Free Theatre—matinees.

*Jack and the Beanstalk*, Unicorn Theatre for Young People, until January 19—matinees.

*Dr Who and the Daleks*, Adelphi Theatre, from December 16, daily at 3 and 7.30.

*Give a Dog a Bone*, Westminster Theatre, daily 2.30, Friday 7.30, Saturday 6.30.

*Sooty's Christmas Show*, Mayfair Theatre, December 16-January 4—matinees.

*Toad of Toad Hall*, Haymarket Theatre, December 23 to January 18—matinees.

*Winnie-the-Pooh*, Phoenix Theatre, December 14-January 11—matinees.

*Wonderful Wombles*, Shaftesbury Theatre, December 16-January 18—matinees.

*Peter Pan*, London Coliseum, December 18-January 8—matinees and evenings.

National Film Theatre, Junior NFT: December 21, *Dougal and the Blue Cat*; December 28, *The Court Jester*; January 4, *Louisiana Story*—all matinees.

*Bobes in the Wood*, Ashcroft, Croydon, December 20-January 25.

### Lectures, exhibitions

National Gallery: *School's Out!*; meet the Old Masters; new out of school activities for eight to 14-year-olds, from December 12 to January 17; three times daily Tuesday to Saturday, twice on Sunday.

British Museum: Talks, films and activities, December 27 to January 4, 10.30 and 2 daily for 10-15-year-olds; eskimos and aborigines are among subjects at the Museum of Mankind, 10.30 and 2.

Masters medical: Royal College of Surgeons holiday lectures—*The Romance of Surgery—Cutting for the Stone*, December 20; *Cell-Watching or Indoor Ornithology*, December 23; *A Surgeon's Day*, December 31—all at 3 (tea served at 4).

Royal College of Physicians: *Men of the Arabian Desert*, December 19; *Sport, Physical Activity and Health* (Dr Roger Bannister), January 2, both at 3 (also with tea).

Royal Society of Medicine: *The Making of a Mental Hospital*, December 30; *X-rays in Man, Beast and Mummy*, December 31; *Organ Grafting* (Professor Roy Calne), January 2, all at 2.30, tea about 4.

Institution of Structural Engineers: *What Ever Happened to the Motor Car?*, January 3, 2.30.

London Museum, holiday lecture, *The Sleeping Beauty*, Victorian pantomime (children over seven), December 31, January 2 and 3, at 2.30.

Institution of Civil Engineers: *Foundations for the World's Longest Span—Humber Bridge*, December 31; *Discovery and Development of North Sea Oil*, January 2, both at 2.30; films on January 3 at 2.30.

Royal Society of Arts: *The Trumpet Through the Ages* (Philip Jones), December 20, 2.30; *The World of Percussion* (James Blades), December 30, 2.30 (both followed by tea).

Victoria and Albert Museum, Bodybox, children's exhibition and workshop, until January 26, usual hours.

Institute of Contemporary Arts: *Abraham Lincoln*, live clowns, band puppets, etc, December 28 at 11.30, December 30 and 31 at 3. Entry 25p.

Tate Gallery: *Top Ten*, famous paintings, December 31; *Age of Pop*, January 2; both at 2.

Science Museum: *Pulsating and Exploding Stars*, December 28, 30 and 31.

Romanian Museum, Forest Hill: *Growing up in the Sun*, Northern Nigerian life, toys and games, December 27, at 3 (eight to 13 year olds).

Tickets are available for many of the lectures and exhibitions, for some you just walk in; inquire from the secretaries, numbers and addresses in telephone directory.

### Out of London

Glasgow's events include a pantomime with a local title, *Mother McGlasgow*, now on, and *Jack and the Beanstalk* at the Citizens'. Not forgetting *Robinson Crusoe at the King's*.

Manchester's fare is mainly pantomimes and shows, and Liverpool's Everyman Theatre is running *The Cat in the Hat* for secondary schools from Boxing Day.

*Vanload*, the touring company, is doing a show called *Sweetie Pie* for secondary schools, free, and teachers should contact them for dates.

Liverpool's International Library, next to the Walker Art Gallery, has *Chosen for Children*, an exhibition of very old comics (no, not the live variety), dating from 1600. This lasts until December 28.

Kenneth Gosling

## Katie Stewart Meals between meals for Christmas



David Frankland

In-between meals at Christmas need not be substantial. A steaming bowl of minestrone soup, or hot bacon sandwiches with a salad are the kind of foods that will be most appreciated. Plan suppers that are quick to prepare and easy to serve.

Make a dish of eggs as the Swiss do. Spread 2oz butter thickly over the bottom and sides of a wide shallow casserole or fireproof gratin dish. Cover the butter with very thin slices of cheese and on top crack six eggs. Season with salt and pepper, then pour over 1 pint single cream and finally sprinkle with 2oz grated cheese. Bake for 10 minutes in a quick oven (400 deg F or gas no 6) to cook the eggs and then give the dish half a minute under a hot grill to crisp the top. In individual gratin dishes you can make this for one or two—allow about 1.2 tablespoons cream per egg. Serve from the dish with hot buttered toast.

You can put your frying pan to work and make scrambled egg for everyone. It is more sensible to use a frying pan when making a larger amount. To make scrambled egg really appetizing use a good hot fat and do not stir all the time so that the mixture is broken up. Wait until the mixture begins to set at the bottom and sides of the pan and then draw the spoon through the mixture gently, so it piles up in soft creamy mounds. Prepare a basic recipe using 8 eggs, which is sufficient for 4 servings, along with 1 pint creamy milk, 1 level teaspoon salt and some freshly milled pepper. Serve scrambled egg on hot buttered toast, in crisp hot vol-au-vent cases, or cheese pastry cases.

Scrambled egg with anchovy added is very nice. Allow one anchovy fillet per egg, chop finely and add to the beaten egg mixture, but go easy on the salt for seasoning. Or you might like to spice up the egg mixture with the addition of mustard and Worcestershire sauce.

### Devised scrambled egg

**Serves 4**  
8 large eggs  
1 pint single cream  
1 level teaspoon salt  
freshly milled pepper  
1 level teaspoon dry mustard  
1 teaspoon Worcestershire sauce  
11-2 oz butter

Crack the eggs into a mixing basin, add the cream, salt, a seasoning of pepper, the mustard and Worcestershire sauce. Whisk ingredients together and strain.

Heat the butter in a frying pan and pour in the egg mixture. Cook over gentle heat and as the mixture begins to set draw the thickened egg up in soft mounds with a spoon, allowing the uncooked mixture to run against the hot pan base. Draw off the heat while the egg is still moist and serve with fried mushrooms or grilled bacon rolls.

A plain omelette can be made much more interesting if you give it a filling of fried leeks and bacon. For four servings you need about 1lb leeks which should be trimmed, washed and shredded and 1lb lean bacon rashers finely chopped. Add these to 2oz butter melted in a frying pan and season with salt and pepper. Stir and then cover with a lid. Cook over gentle heat for about 15-20 minutes by which time the bacon will be cooked and the leeks tender. Spoon a little into the centre of each omelette as you prepare it and before folding it over.

An open omelette with a savoury topping is the answer for two servings. This one with cheese, tomato and herbs tastes good and looks colourful. Serve it with crusty bread and a salad.

### Pizza omelette

**Serves 2**  
4 large eggs  
salt and freshly milled pepper  
1 tablespoon cold water  
2oz butter for frying  
or the topping  
1 oz butter

1 medium onion  
2 teaspoons concentrated tomato purée  
pinch mixed herbs  
3-4 bacon rashers  
2 oz grated cheese

Crack the eggs into a basin, add the seasoning and water. Mix with a fork and set aside while preparing the topping.

Melt the butter for the topping in a saucepan. Add the chopped onion, cover and cook gently for 4-5 minutes, or until the onion is tender. Add the tomato purée and mixed herbs, cook for a moment more and then draw off the heat. Trim and chop the bacon rashers. Fry in a dry pan until the fat runs and the bacon is cooked. Drain and reserve.

Place the butter for frying in an 8-9 inch heavy frying pan. When melted and bubbling pour in all the omelette mixture. Stir for a moment using the back of a fork and draw the omelette mixture towards the centre of the pan so that the liquid egg runs underneath. When set underneath but still moist on top, draw the pan off the heat.

Spoon over the tomato and onion mixture. Top with the bacon and sprinkle with the grated cheese. Place the omelette under a hot grill just long enough for the cheese to melt. Slide out of the pan onto a hot dish and serve.

For a quick supper snack dip slices of bread—crusts removed—into seasoned beaten egg letting it soak well in. Then fry to a golden brown on both sides in hot butter and use as a base for grilled bacon rashers, anchovy fillets, sardines or grilled tomatoes. Hot newly made toasted sandwiches to eat with

a knife and fork can always be relied on to revive even the most jaded appetites. Toast the bread for hot sandwiches on one side only. Lightly butter the untoasted side and sandwich the slices together with the hot filling inside and the toasted sides outwards.

Use grilled bacon rashers to make hot bacon sandwiches or sandwich a fried egg and bacon between the toast slices.

For a toasted cheese sandwich, cover the untoasted side on one slice with cheese. Grill until melted and bubbling and then sandwich with the second slice. Or better still combine ham and cheese by placing a slice of ham on the untoasted side under the cheese before grilling. Then sandwich with the second slice.

A club sandwich needs three slices of toast with the middle slice toasted both sides. Spread untoasted side of the bottom slice with butter, then top with chicken or turkey, lettuce and mayonnaise. Cover with the middle slice of toast, the grilled bacon and sliced tomatoes and finally top with the remaining slice of toast, butter untoasted side inwards.

The classic combination of a hot vegetable with cold meat instantly cheers up slices of honey roast ham, cold chicken or turkey. Potatoes are just right now for baking in their jackets. Choose large even sized ones, scrub them and, while still damp, roll them in kitchen salt. Salt brings out the flavour and keeps the skins deliciously crisp during cooking.

With your frying pan you can make lots of crisp fried potatoes with onion and if you care to add chopped anchovy fillets just before serving they will have a really good flavour. Make your fried potatoes with blanching slices of raw potato and you will find them a great improvement on the left-over boiled potatoes so often used. Blanch raw potato slices are just as quick to cook and rarely break up on frying.

To serve four you will need about 1½ lb potatoes. Pare and then cut them into 1½ inch slices. Blanch for five minutes only in boiling salted water, then drain. Fry them as you would normally, remembering that for crisp potatoes that are tender inside you should cook them over a fairly high heat. Use a mixture of butter for flavour and oil to get a good colour without burning. Any onions to be mixed with the potatoes should be fried separately for they require gentle cooking. Proportions are not important, one or two onion peeled and sliced are usually adequate. Add the cooked onion to the pan of potatoes just before serving and give the mixture a quick fry to heat everything through.

Savoury rice makes a marvelous hot dish too, but the mixture must be well spiced and with plenty of flavour. Try Spanish rice which is a mixture including onion, tomatoes, herbs, or make up a packet of the curry flavoured ready-to-cook rice to which you can add extra crunchiness with toaster flaked almonds.

At Christmas time especially good soups can be made with packed or condensed soups when you use turkey stock instead of water. Into a really large saucepan put the broken up carcass of the bird and any bones from the meat, any ham skin, bacon rinds or giblets. Add a large onion stuck with a clove, a large carrot scrubbed and halved, 1 stalk celery, a small bay leaf and a few parsley stalks. Add cold water to cover and allow 1 level teaspoon of salt for every 2 pints of water. Bring to the boil for 2 minutes only skim carefully and reduce the heat to a simmer. Leave to cook for 2-4 hours, then strain carefully and use.

Any home-made stock make just the right base for most soups—a soup which really does need the flavour of a good broth. This is a substantial ox-tail soup—almost a vegetable stew if a lighter soup is required—either increase the amount of stock, or use fewer vegetables.

### Minestrone

**Serves 4-6**

1 carrot  
Small piece turnip  
1 medium potato  
1-2 stalks celery  
1 onion

1oz butter or 2 tablespoons oil  
1 clove garlic, optional  
2-3 streaky bacon rashers  
1 pint stock  
2 large tomatoes  
1 small leek

1 cup shredded cabbage or sprouts  
1 oz broken up spaghetti or quick cooking macaroni  
grated cheese for serving

Peel and slice the carrot, cut up the turnip and potato into small dice. Wash and slice the celery thinly. Skin and chop the onion finely.

Heat the butter or oil gently and add these vegetables. Add the skinned, crushed and chopped garlic, if liked. Sauté for a few minutes, then add the trimmed chopped bacon and cook for a further 2-3 minutes.

Stir in the stock and season as required. If you use ham stock or bouillon cubes, remember they are rather salty. Simmer with the lid on for 20-30 minutes, until the vegetables are almost tender. Add the tomatoes, skinned, halved and chopped up, the leek finely sliced and the shredded cabbage or sprouts. Bring back to the boil and then add the spaghetti or macaroni. Boil gently with the lid off until the pasta is cooked—about 10 minutes. Check seasoning and serve with a bowl of grated cheese, preferably Parmesan.

It's got to be Gordon's.

50% OFF







**BELL'S**  
**SCOTCH WHISKY**  
*Afore ye go*

**C**  
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**Ho**  
**To**

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## LAINING

LOCAL  
OR NATIONAL  
CONSTRUCTION SERVICEBank committee  
puts case for  
self-regulation of  
capital markets

John Whitmore  
The City Capital Markets Committee, set up under the auspices of the Bank of England last July to improve communication and the handling of public issues in the City, has now strongly in favour of continuation of self-regulation to the United Kingdom capital market.

It goes on to criticize the Department of Trade for its inability or unwillingness to force the considerable supervisory powers it already holds for the present Companies Act, its defence of the self-regulatory system by the CMCs in a paper, "The Supervision of the Securities Markets", which has been drawn up in response to questions put by the Department of Trade in its recent inquiry into the management and supervision of the City's markets.

The report sets out a number of issues, including objectives and the success of existing regulatory bodies, continuing validity of those objectives, the gaps in the present system and the pros and cons of self-regulation as opposed to statutory controls.

Commenting on the report, Mr. Ian Fraser, the Director-General of the CML, said that it represents the first attempt by a City body to put its own case for self-regulation.

He said, however, that the report was designed to "show that there is no case at all for a change of system, but that the arrangements presently exist for the management and supervision of the City's markets."

The British securities market may not be faultless, the system has demonstrated in operation that it is fundamentally successful in attaining appropriate objectives.

The primary objective is defined as "the creation and maintenance of a capital market which is efficient, effective and honest." And it must be in the interests of those who operate in the market and derive a living from it, the committee goes on to argue, that they impose an adequate regulatory system to see that this objective is achieved.

To this end the committee has set out a number of ways in which the investor is at present protected from possible abuse.

Points here include: the higher level of disclosure demanded by the Stock Exchange; the Stock Exchange's rules against market rigging and misconduct by its members; the Stock Exchange's compensation fund to protect investors against default by brokers; the way in which the jobbing system rapidly enables new information to be reflected in prices; and the success of the Panel in insuring equitable treatment for all shareholders in takeover situations.

However, the report does point to certain areas where the committee feels there is room for an extension of statutory provisions.

The committee would, for instance, like to see insider dealing made a criminal offence and, as such, to be investigated and dealt with by the normal organs of the state.

Moreover one member of the committee, Mr. N. S. Wilson, also believes that the Panel "should at least have some statutory framework enabling it to impose directly pecuniary penalties for a breach of the rules."

Australian protest at  
M Holden 'threat'

Canberra, Dec 17.—Mr. Jim Cairns, deputy prime minister, said there was no need for a threat to the Australian Government or dismiss thousands of workers to get action by the Government.

Mr. Cairns said: "The automotive industry all over the world is going through a basic reconstruction. GMH in Australia is part of this."

If it wants to blame the Australian Government, this is the way to do it. That is no way to handle industrial reconstruction problems. GMH need not threaten the Government, nor the

workers just before Christmas."

He said GMH persisted in laying off workers even though the Government told the company that the volume of Japanese imports into Australia, at present 34 per cent of the market, would be halved in January.

Mr. Bob Hewke, head of the Australian Council of Trade Unions, called on the Government to move immediately to protect the jobs of GMH employees.

He gave a warning that as many as 20,000 workers could be added to the unemployment rolls because of expected layoffs in the components supply industry.

Jersey rejects  
500-a-firm  
corporation tax

Jersey's MPs today followed Jersey's by rejecting a proposal to increase local corporation tax from £300 to £500 a firm company from January.

The tax is paid by locally-incorporated companies not traded in the islands. Local finance had given a warning that increase could drive such companies to alternative investment areas, and damage confidence in the Channel Islands offshore finance centres.

The corporation tax decision follows publication of the Finance Bill. Anxious to avoid a similar fate, Jersey's Finance Bill, which would extend capital transfer tax liability to former residents settling in the islands after November 12 last. The clause is to be studied by Jersey's Constitutional and Finance Committee.

Jersey's Finance Committee, which has been set up by the Government, has described the clause as "a liberate attack" on fiscal rights of the Channel Islands and the Isle of Man.

UK team to  
study Dutch  
paper salvage

Dutch waste paper salvage methods are to be studied by a team of British experts as part of a bid to improve British methods.

Representatives of the advisory group on waste paper collection and recycling, set up this summer under the chairmanship of Mr. Michael Meacher, Under-Secretary for Industry, leave for Holland this week.

At present only about 27 per cent of the total paper and board which is used in the United Kingdom is salvaged, a lower proportion than in West Germany or Japan as well as in Holland.

Britain paying £30m  
to development bank

The United Kingdom is to contribute £30m (about £30m) to the Inter-American Development Bank in three annual instalments, probably starting in 1976.

Processors call for EEC  
quality on sugar prices

Hugh Clayton  
Food processors said yesterday that they had a three-point claim to the Government over sugar marketing next year. The claim was made to Mr. Hart, Minister of Agriculture, four trade associations which together use more than half of the sugar supplied in Britain.

They asked first for an extension of the equalization scheme beyond its closing date at the end of this month. Under the scheme the high price of cane sugar and low price of beet are merged by the Sugar Board into a common wholesale rate charged for sugar from all sources.

They also wanted sugar to be sold to them next year at the old price as that paid by food processors in other EEC countries, even if Britain had to pay more for raw sugar than the rest of the Community.

It was feared that a high sugar price in Britain would open domestic and export markets to large imports of cheap sugar-based countries.

Community associations called for fairer sharing of available sugar between retailers and industry. This year government policy has consistently been to channel available supplies to shops at the expense of industry.

The four associations concerned were the Cane and Beet Alliance, the Cocoa, Chocolate and Confectionery Alliance, the National Soft Drinks Confederation and the Food Manufacturers Federation. Their annual sugar consumption is equivalent to slightly more than the 1.4 million tons from developing countries from which a 1975 contract has still to be agreed in Brussels.

Gold soars  
after Ford  
pact with  
M Giscard

By Melvyn Westlake

As government officials in London and other capitals insisted on the unimportance of the gold agreement reached during the meeting of President Ford and President Giscard d'Estaing on Monday, the bullion market reacted with a sharp price rise. On the foreign exchanges there was a corresponding slump in the dollar.

There appeared to be a divergence of interpretation about the significance of what had been agreed at the Franco-American talks.

However, the prevalent view on the world's major bullion markets was that the United States had retreated from its hard-line position to any revaluation of the official dollar price of gold of \$42.22 an ounce.

Heavy and sustained buying of the metal was reported, driving the free market value up by \$6.00 an ounce to \$188.00, just \$1.75 short of the record level reached last month.

In Zurich, the dollar fell to its weakest level ever. It also tumbled in Paris, Frankfurt, Amsterdam and other financial centres. Sterling rose 1 cent against the United States currency to \$2.3345.

The monetary authorities were clearly taken aback by the impact of the Franco-American agreement on the bullion and exchange markets. There were a string of statements denying any intention to revalue the dollar, and to reduce various national reserves holdings.

Official sources in London said that Britain did not intend to increase the accounting value of its gold holding, currently 21m ounces, valued at \$886m.

It was emphasized that the Government had not changed its view that gold should be phased out of the monetary system. One official stressed that the Martinique agreement—which allows "any government which wished to do so to adopt current market prices as the basis of valuation for its gold holdings"—was in no sense a new development.

Earlier this year Italy had used its gold—valued at market-related prices—as collateral for a loan from West Germany.

The only significant departure would be if central banks were actually allowed to buy gold from the free market to add to national holdings, according to the official view.

In the meantime, the link between gold and the international Monetary Fund's special drawing rights had recently been severed, giving a further boost to the demonization of gold.

In Frankfurt, Dr. Otmar Emminger, vice-president of the Federal Bank, said that Germany was "unlikely" to revalue its own gold holdings. He said that he did not regard gold as an important problem in international monetary terms.

The question of whether central banks should be allowed to buy gold on the free market was, in his view, an "obsolete" one.

The French, however, were predictably out of step. M. Jean-Pierre Fourcade, the French Finance Minister, said that the Franco-American agreement had removed an important obstacle to a better international monetary system.

A fresh indication of the general movement away from the use of gold came yesterday from the European Community Commission.

The Commission wants to create a new Community monetary unit that should gradually replace the current unit of account for which there is a confusing variety of calculations and which is pegged to gold.

Dr. Wilhelm Haferkamp, Monetary Commissioner, said the new unit should be based on a basket of EEC currencies.

Government is expected to pare back state  
steel plans to raise prices by up to 25pc

By Peter Hill

Price increases of up to 25 per cent that the British Steel Corporation planned to introduce from the beginning of next year are expected to be pared back considerably by the Government.

Under the terms of the European Coal and Steel Community, the BSC has freedom in pricing strategy, but the British Government has traditionally intervened in the corporation's price increases.

For the corporation to implement increases from January 1 next year, its intention to do so needed to be notified to Brussels yesterday under the ECSC 15-days rule.

This notification has apparently not been made, and the indications are that the BSC faces another battle with the Government over the next few days.

Since the state steel undertaking submitted its price proposals involving the restructuring of the corporation's entire price lists there has been little discussion with the Government.

Given the complex nature of the restructuring, BSC officials expected that they would have been called to provide additional information.

However, despite the Chancellor's commitment to an ending of subsidies in the nationalized industries outlined in the November Budget, it appears that the Cabinet is not happy about the scale of increases proposed. Some ministers are apparently keen to see the scale of price increases reduced substantially.

Given the current downturn in the demand for steel throughout the world, the BSC might be prepared to accept some downward revision of the original increases.

But drastic cuts would certainly be strongly opposed by Mr. Moity Brindley, the BSC chairman. He has made no secret of his distaste for government interference in pricing strategy and of his belief in the importance of the BSC continuing along the profitable path on

which it has now started.

The lack of any clear indication from the Government is also a source of concern to the private sector steelmakers. Their prices have tended to follow those adopted by the state steel undertaking.

Representatives of the British Independent Steel Producers Association (BISPA) were due to meet today in Birmingham to discuss their next price moves, but that meeting has been cancelled pending the outcome of the BSC's discussions.

Private sector prices are about 15 per cent higher than those of the BSC, and private sector producers consider that increases of up to 20 per cent can be justified on cost grounds alone.

In a speech to the annual general meeting of BISPA yesterday, Mr. C. Bruce Gardner, the retiring president, said that with steelmaking costs surging upwards throughout the world, an unreasonable restraint on price levels for steel products should exist.

He continued: "Despite inflationary problems, steelmaking prices must be kept at a level which is adequate to cover operating and raw material costs and provide the profit which is essential to fund the investments required."

BISPA members are also becoming increasingly concerned with the BSC's inability to meet their demand requirements.

The constraints on the BSC's production this year had seriously affected private sector producers of finished products, and in some cases, Mr. Bruce Gardner said, had been subjected to more acute "three-day week" conditions than those which arose from the miners' strike at the beginning of the year.

Unable to meet the demand from their customers, private sector producers have been forced to introduce short-time working because of the inadequacy of supplies from the BSC.

Triumph car strikers  
accept compromise

By R. W. Shakespeare

Assembly workers at British Leyland's plant in Coventry, whose strike over lay-off pay stopped all production and made 11,000 workers idle, are to go back to work today.

But thousands more Midlands car workers were told that they were being laid off for "extended holidays" over the Christmas and New Year period.

This is because of production cuts made necessary by the depressed state of the car market.

The 1,000 Triumph assembly workers, who have been on strike for three weeks, voted at a mass meeting to accept a recommendation of their shop stewards and approve settlement terms reached in negotiations with the management at the weekend.

The men have been demanding lay-off pay for time lost during a two-week strike by control room staff at the Coventry car plant. The two consecutive disputes have together cost British Leyland about £30m worth of lost production.

The settlement is the result of a compromise. Fresh negotiations have taken place between management and unions on the basic issue of lay-off pay. The present agreements rule out such payments when men are made idle by disputes of any kind within their own plant.

For the next six weeks, while these negotiations are being held, lay-off workers are being guaranteed payment—at 80 per cent of average earnings—if they are laid off because of any "constitutional strike" when normal negotiating procedures have been exhausted.

Announcing the setback, a Lucas spokesman hinted at more short-time to follow. He said: "The number affected by the short-time is less than 25 per cent of the total work force of the electrical division."

Volvo may close plant: Volkswagen announced to Wolfsburg that it might have to close plant permanently and lay off workers if its present policies of short-time working and voluntary redundancies failed to cut production sufficiently.

many successful prosecutions and a further 15 are pending.

A high proportion of these cars, the department said, had belonged to companies and could have travelled as much as 50,000 miles in a year compared with the average motorist's 10,000 to 15,000 miles. Such cars were bought cheaply at auctions and, after the bodywork had been polished and their mileage recorders wound back, were often sold as one or two-year-old low mileage cars.

Another risk for unsuspecting motorists was the multi-deposit trick. The department said dealers took a number of deposits from would-be purchasers, then left the area to repeat the process on another site with the same car.

Unscrupulous second-hand car dealers are becoming increasingly active as the motor trade tries to reduce stocks of "poor sellers" in anticipation of a further recession in sales.

This warning came yesterday from the West Midlands Consumer Protection department. It stated that one in seven of all complaints being received related to second-hand car sales.

"Few areas of trade offer as much scope for sharp practices as the sale of second-hand cars."

Since the department was formed April it has received nearly 2,000 complaints about second-hand car deals and claims that in a high proportion of these it obtained redress for buyers. There have also been

White House may back  
down on Exim Bank

From Frank Vogl

Washington, Dec 17  
It appears that the White House is backing down in its opposition to Congressional action to set firm limits on Credits that the Export-Import Bank can use for American Russian trade deals and on severe restrictions on the bank's financing of Soviet energy projects involving United States companies, Senate sources stated.

The White House, the sources added, is having to accept the fact that unless it accepts such limitations, which it has bitterly opposed, there is just no chance of the Export-Import Bank Bill being passed by the Congress.

The Bill is vitally important because it extends the life of the bank and grants it lending authority of \$25,000m (\$25,000m) over the next four years. Since November 30 the bank has been stripped of its authority to make any new loans.

Leaders of the Senate and the House of Representatives will confer on the Bill tomorrow morning for the second time, following the rejection of the final conference report by the Senate yesterday.

Both houses have, to the disappointment of the White House, already agreed that the bank should not be able to make loans of more than \$300m to United States USSR trade deals without additional Congressional authorization.

One of the main points at issue now centres on imposing tough restrictions on the bank's lending to energy projects in Communist countries.

Several major deals are currently awaiting decisions from the bank, including a \$49.5m loan to United States oil companies that have agreed to undertake energy exploration, in conjunction with Japanese companies, in Siberia.

Senate sources suggest that a compromise may be reached which the White House has grudgingly accepted, that would demand that the bank obtains special authorization from Congress for all loans to energy projects above \$25m to just the Soviet Union.

There appear to be strong pressures for such restrictions because of the growing feeling here that the United States controlled multinational oil companies are striving to obtain cheap credits from the American Government to develop oil wells in Russia that will produce oil that will never come to the United States.

Speaking for one of the leading users of the port, Union-Castle Line, Mr. Geoffrey Bedford, director, said: "These men are only about 150 out of 2,000 dock workers but they are holding the whole port in ransom."

Tyneside layoffs: Swan Hunter Shipbuilders last night laid off a further 185 workers from their six Tyneside shipyards bringing the total laid off as a result of pay disputes to 5,841. Together with striking electricians nearly 6,500 of the 10,000 work-force are now idle.

All container and most break-bulk cargo operations are stopped, but British Transport Docks Board said last night they hoped to keep roll-on-roll-off traffic moving.

By Michael Bailly  
Shipping Correspondent

The port of Southampton came to a virtual standstill yesterday because of unofficial action by crane drivers over what they consider unduly protracted pay negotiations. They say they will start work again on Friday.

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Coal Board  
leasings  
not within  
guidelines

By Maurice Corina

At least three leasing schemes introduced by the National Coal Board in recent years do not conform to Treasury guidelines issued after the British Railways Board's controversial tax avoidance scheme for the supply of rolling stock.

Last week the Commons Committee of Public Accounts criticized Whitehall over the Railways Board scheme, which prompted changes to tax regulations and also led to the framing of special guidelines for nationalized industries when they lease assets.

The Coal Board's biggest leasing deal concerns its North Sea exploration company, which has a subsidiary L. S. Leasing in which a financial consortium has loaned up to £25m worth of equipment for the Viking gas field. Under an agreement, some 90 per cent of the tax savings under a group relief accrues to the Coal Board.

Other leasing concerns cover other board activities, leasing vehicles, earthmoving equipment, and roof supports. These activities operate through L. F. Leasing and O. R. Leasing, and the facilities provide up to at least £11m in tax savings.

Since the Treasury issued its guidelines two years ago, four other nationalized industries have adopted leasing schemes, all conforming to present Whitehall rules.

The Coal Board's schemes were worked out before the rules came into force, and approval was not sought from Whitehall before they were made. The Treasury now holds that three of the Coal Board's schemes could not have conformed to its guidelines.

Other nationalized industry leasing arrangements include the British Gas Corporation, which has a £15m annual ceiling for this method of providing equipment and proposes to hire 16 compressor sets for the gas pipeline, worth £15m over three years.

The Post Office has an arrangement with merchant bankers Samuel Montagu and Co for leasing cable ships, while the CEBG has approval in principle for leasing gas turbines with private sector finance.

US shipping law criticized

The Council of European and Japanese Shipowners Associations (CENSA) representing more than half the world's merchant shipping, yesterday expressed "deep concern" at the passing of the week of the United States Energy Transportation Security Act. This reserves 20 per cent of American oil imports in US flag ships, rising to 25 per cent next June and 30 per cent the year after.

Mr. Bob Russell, chairman of CENSA, said the measure, passed by four votes with six abstentions in the Senate, offended against relations with friendly nations.

## Drivers' strike halts port

By Michael Bailly

Shipping Correspondent

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## How the markets moved

The Times index: 63.74 +1.07

FT index: 159.2 +3.0

Rises

10p m 210p  
Brent Am Tob 3p to 155p  
Duff Am Tob 4p to 14p  
Kewmick Grp 2p to 16p  
REF 2p to 20p  
Union Corp 14p to 15p  
Western Areas 15p to 63p

Falls

ARB-Latham 5p to 95p  
Church 10p to 60p  
Corinthian 1p to 8p  
Francis Ind 4p to 9p  
Inchcape 1p to 155p  
Moxley 1p to 9p

Equities moved up but trading remained thin. Sugar prices lost another £20 a ton with the London daily price down to £430 a month ago the price was £550. Cocoa futures were mostly lower while coffee fell in bold early gains. Copper eased £2.50 but LME silver rose between 1.55p and 2.5p. Reuters index dropped another 3.5 to 1,186.5.

Gold jumped \$5 to \$189.00. SDR—\$ was 1.217630 while SDR—£ was 0.521604.

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Bank 1.77  
Australia \$ 1.77  
Austria Sch 41.75  
Belgium Fr 89.00  
Canada \$ 2.345  
Denmark Kr 13.80  
Finland Mk 8.65  
France Fr 10.75  
Germany DM 5.80  
Greece Dr 22.50  
Hong Kong \$ 11.05  
Italy L 1,565.00  
Japan Y 725.00  
Netherlands Gld 6.00  
Norway Kr 12.60  
Portugal Esc 58.00  
S Africa Rd 1.75  
Spain Pes 136.25  
Sweden Kr 10.00  
Switzerland Fr 6.20  
US \$ 2.38  
Yugoslavia Dnr 42.25

Notes for bank note only, as supplied by the Bank of England. Rates apply to national bank notes and other foreign currency business.

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## Mr Simon against excessive stimulus for American economy

From Frank Vogl  
Washington, Dec 17

Mr William Simon, the United States Secretary of the Treasury, today came out against tax cuts to stimulate the economy and told the Senate's budget committee that "if we turn again to excessive economic stimulus, in an attempt to escape the consequences of our past indulgences, we will only be presented with a larger bill later on."

Mr Simon recently admitted that a tax cut is under consideration by the Administration, but he clearly attempted today to dampen speculation on this.

He said in his testimony that there is a serious danger of over-stimulating the economy, that can only produce another round of inflation.

The Treasury Secretary also gave a warning against neglecting inflation at this time of recession. His comments come just as there are increasing indications in the money markets that the Federal Reserve is easing policies again and that the Fed is lowering its Fed funds target rate by around 0.5 per cent to around 8.5 per cent.

President Ford's chief economic policy advisers are now

hard at work devising strategies to stimulate the economy and an increasing number of economists believe that the advisers will come out in favour of tax reductions.

The respected Argus Research Corporation states in its latest report that "a tax cut is coming" and the economists at the First National City Bank appear to take this for granted in their latest budget estimates.

Belief that the President will abandon the policies of the "old time religion" of fiscal monetary restraint is based on the now prevailing view that the recession will have deeper, longer and more pervasive than was expected.

The latest economic report by Citibank forecasts a current fiscal year Federal budget deficit of \$20,000m and adds that the deficit may be even larger for fiscal 1976, which starts next July 1, because of tax cuts.

A big worry for Administration officials now is the rising level of bankruptcies. President Ford has shown particular concern about this in recent days and it appears to be one factor that many experts believe will change the President's mind on tax cuts.

## Report says promote more women in retail trade

By Christopher Thomas

The retail trade should make better use of its staff by employing more female shop managers and by developing managerial talent from the shop floor, recommends a Neddy report on career development in retail distribution published today.

The report concentrates mainly on the job of the shop manager. The job, says the report, has in recent years become more concerned with management and the operation and control of systems laid down by head office, and less concerned with customer contact and detailed knowledge of merchandise.

Recommendations in the report, carried out because of concern over the shortage of competent shop managers, include a strengthening of ties between the branches and head office in terms of personnel management, career training and better selection procedures.

## Chemical plants ahead in productivity

New figures released today from the Census of Production show that the chemicals industry is still ahead of other manufacturing industries in productivity.

The net output per head increased from £3,981 to £5,026 compared with the average over the same period for manufacturing, which was £2,283 in 1970 and £3,476 in 1973.

Over the three years, the chemicals industry shed around 25,000 workers, and now operates with a labour force of about 400,000, including working proprietors.

## Yarn output drops

Marked falls in single yarn production, but increased output of woven cloth in October compared with earlier periods, are reported by the Textile Statistics Bureau.

The organization said that during the month, the industry had been severely affected by short-time working and temporary closure of some mills.

## Japan keeps credit grip

Mr Teichiro Morigata, the Bank of Japan's new governor, said the bank will continue its tight money policy, because recession in Japan is still milder than in the West.

## German monetary aims

A gradual continuation of the downward trend of interest rates in West Germany is preferable to a forced reduction which might bring about a reaction on the capital market, the German federal bank said in its monthly report yesterday.

## Government talks on N Sea taxes 'nowhere near completion'

By Christopher Thomas

It now seems unlikely that the Government will reach a decision for many weeks about the rate or structure of the proposed taxation of North Sea oil.

Mr Dell, Paymaster-General, told the Commons committee considering the Oil Taxation Bill yesterday: "There have been suggestions that the Government has decided the rate of tax. Nothing could be further from the truth."

"We are nowhere near completion of our discussions with the industry. An enormous amount of evidence has been submitted which will take some weeks at least to analyse."

"I find the consultations of enormous value. I hope they give the industry some confidence that the Government does not intend to adopt policies that will drive them out of the North Sea. It is only by mutual co-operation that the riches of the North Sea can be yielded for our benefit."

His first meeting with the oil companies was on November 19, and since then he had daily been receiving evidence, calculations and comments.

Mr Dell said some oil companies were putting pressure on him not to introduce a variable rate of tax, but a fixed rate. If there was a fixed rate, ways would have to be found of dealing with marginal oil fields.

Mr Patrick Jenkin, Opposition spokesman on energy, urged the Government not to rule out different structures for taxing oil.

Morocco takes 50 per cent BP stake: The Moroccan government announced in Rabat that it had taken more than 50 per cent of the capital of the British Petroleum Company in Morocco.

## Staff shortage may hit offshore industry

By Business News Staff

Manpower and training needs of the offshore oil and gas industries must be regularly monitored by the Manpower Services Commission, a report published yesterday.

The report makes it clear that the short-term and long-term implications of offshore development for labour may be complicated.

The report, commissioned by the MSC, says that in the next few years the offshore oil and gas industries face labour shortages. There are, states the report, immediate and continuing shortages of geologists, petroleum engineers, drillers and divers.

## Brussels studies Roche market

Brussels, Dec 17.—The EEC Commission said in reply to a written question that it was still investigating the Hoffmann-La Roche pharmaceutical group's alleged monopoly in supplying Librium and Valium tranquilizers.

The Commission, which has wide powers to ensure fair competition in the EEC, said that, on the wider question of tranquilizers, it was examining the findings of market definition studies in order to determine the Hoffmann-La Roche group's share of the market.—Reuter.

## BMW complies with EEC rules

Brussels, Dec 17.—Bayerische Motorenwerke has modified the conditions of its contracts with distributors to bring them in line with European Community free competition rules after intervention by the EEC Commission, the Commission said.

It said the new form of contract between BMW and its distributors, giving them, among other things, the right to export BMW cars and spares, has now been approved by the EEC authorities.

The Commission said that it accepted BMW's argument that its system of selective distributors was justified.—Reuter.

## Nippon Electric cut

Nippon Electric Company (NEC) states that it asked about 300 sub-contractors and factories to cut production by 20 per cent to the 1972 level. This is because of a fall in domestic demand.

## Penguin Books

Penguin Books plans to publish 450 new titles a year over the next three years—out 450 titles in the three-year period, as incorrectly stated in yesterday's Business News.

## LETTERS TO THE EDITOR

### Poor need heating subsidies Taxpayers ought to be grateful for Clause 40

From Mrs M. J. Watson

Sir, The decision to lift the subsidies from the gas and electricity industries, while making economic sense, will bear heavily on persons on fixed incomes. This section of the community, consisting, among others, of single parent families, the elderly poor, women who stay at home to care for aged parents, and those in receipt of tiny pensions for disabilities of various kinds, are already deprived and in many cases barely surviving.

When the prices of their heating and lighting shoot up their efforts at economy could have disastrous consequences. No doubt in due course the heating allowances for which one can apply to the Social Security authorities will be increased. However, in my work at the Citizens Advice Bureau it is obvious that many people do not know about the allowances; many that do know would rather freeze than go and ask for them; and the allowances are totally inadequate anyway.

Therefore, would it not be better to reverse the present pricing system of gas and electricity (starting high and reducing the more one uses) which was formulated in those halcyon days when John Public was encouraged to use as much fuel as possible to a system whereby a certain number of units would be very cheap indeed, and after this to let the price rise very steeply? In this way the poor and the thrifty would be able to keep warm to a certain minimum standard; the rest of us would be encouraged by the size of our bills to carry out that insulation the powers that be now wish to encourage—and to be thrifty if we did not wish to be poor.

Yours sincerely,  
M. J. WATSON,  
13 Abbey Park Road,  
Grimsby, South Humberside.

From Mr K. Brown  
Sir, Mr Norman complains (December 11) about having to pay for rainwater in his fuel.

His remedy is simple. Some years ago I objected to paying the then price, about £15 a ton for rainwater supplied by the gas company.

He should take about a couple of pounds of the wet coke weighed on the kitchen scale and put it in the oven Gas Mark 1 or 220 F for an hour or two and weigh it again. He might repeat to ensure that all the water was evaporated. This gives him a very exact percentage of water. In my case the same experiment showed me that coke stored under cover contained about 7 per cent moisture. My wet coke showed over 20 per cent moisture. I assumed generously that 10 per cent might be a reasonable figure for this, and a little very simple arithmetic told me how much I should deduct for the surplus rainwater. I deducted this amount from the bill and invited the gas company to sue me for the balance. Suppliers of coke or anything else will never face the court when they can so easily be shown to be in the wrong.

I am, Sir,  
Yours etc,  
KENNETH BROWN,  
30 Shore Street,  
Ayr, Ayrshire,  
Fife.

From Mr J. W. Finch  
Sir, In the words of Mr Bernard Levin, during the articles on his mother's gas geyser, the "top brass" of the gas industry must all read *The Times*.

May I ask them therefore, together with their opposite numbers in the electricity realm, why they see fit to spend our money on advertising their products and services in a variety of publications, and on Independent Television, at a time when we are exhorted to use less energy, and face savage price increases.

Yours faithfully,  
J. W. FINCH,  
91 Farnham Road,  
Guildford.

## High cost of packaging

From Mr A. Fisher

Sir, The Price Commission survey published on November 29 reveals timely reference to the high cost of packaging in supermarkets. This has always been a burden the consumer has had to bear but now with the scarcity of packaging materials and increasing inflation, the matter is becoming serious and something needs to be done about it.

My own field is in fresh fruit and vegetables. I can say that over many years, methods of low cost distribution have been studied and in recent years systems have been operated successfully which prove that these high costs now being passed on to the consumer are unnecessary. Mrs Shirley Williams and her department cannot turn a blind eye to this situation and it would appear to me that an investigation and report is needed.

One supermarket executive stated on the radio that his company did their own prepackaging and avoided the problem. This statement was not entirely true and in any case, whoever does the prepackaging engages in a labour and materials intensive exercise and incurs identical costs. Also prepackaging involves increased handling, damage and some popular

materials are harmful to the image our trade expects to provide, when the housewife's purchases are seen on the kitchen table.

ALAN FISHER,  
The Albert Fisher Group Ltd,  
Brun Street,  
Burnley, Lancashire.

From Rev C. G. Stables  
Sir, Our local fruit and vegetable shop, selling nothing else, and so not liable to VAT, has just been told that a monthly "nil" return is not acceptable. Although the shop has been inspected by HM Customs officials, the proprietor was to complete every item on the forms, whatever the case, although it will be nil in every case.

Why does Parliament give such authority to minor officials to harass small traders in this way? Already one shop has stopped selling fruit and vegetables and others may soon follow suit. In a country district with few shops anyway this is a serious matter to the public, if not to officials.

Yours faithfully,  
C. G. STABLES,  
Frankland,  
Easton Green, Frankfield,  
Uckfield, Sussex.

## VAT nil returns

From Mr W. P. Grant  
Sir, The letter from Mr D (November 1) is a ty example of how motorists takenly calculate their cost takes only petrol costs account and ignores the sums represented by depreciation, maintenance costs, insurance and taxation. Inclusive these items would have given more realistic comparison public transport costs.

Yours faithfully,  
W. P. GRANT,  
36 Cowdry Close,  
Leamington,  
Warwickshire.

## Calculating α of motoring

From Mr W. P. Grant  
Sir, The letter from Mr D (November 1) is a ty example of how motorists takenly calculate their cost takes only petrol costs account and ignores the sums represented by depreciation, maintenance costs, insurance and taxation. Inclusive these items would have given more realistic comparison public transport costs.

Yours faithfully,  
W. P. GRANT,  
36 Cowdry Close,  
Leamington,  
Warwickshire.

## UK facing 'relegation battle'

By Malcolm Brown

Britain is facing a "relegation" battle, Mr Ralph Bateman, president of the Confederation of British Industry, said yesterday.

"Somehow we must bring the fierce national and local pride and competitiveness which we see on the sports field into the factories of Britain", he said.

Mr Bateman, who was speaking at an American Chamber of Commerce lunch in London, suggested that an agreed incomes policy was an essential feature of any recovery programme.

Industry had to be just as competitive as any football team to stay on top and as the country was facing a relegation battle it was up to everyone to give their fullest support and encouragement at this difficult time.

"Our economic future relative to that of our competitors will depend upon our own behaviour and decisions", Mr Bateman said.

## Oil puts 3.5m lire on Italy's deficit

From John Earle  
Rome, Dec 17

Italy's balance of payments deficit will at the end of the year surpass 5,000,000 lire (about £3,000m), of which 3,500,000 lire is because of the higher cost of petroleum, Signor Emilio Colombo, the Treasury Minister, told the Chamber of Deputies in a debate on the economic situation.

Indicating that measures may have to be taken to reduce essential imports, he said that the government's objective was to eliminate the non-oil deficit next year, leaving an oil deficit for 1975 of 3,200,000 to 3,500,000 lire.

Italy, he said, would have to seek further foreign credits next year. At the end of this year, foreign indebtedness would reach the level of 9,000,000 lire, requiring annual interest payments up to 1975 of some 900,000 lire.

Signor Giulio Andreotti, the Budget Minister, said that the economic situation was of unprecedented gravity.

# The Central Manufacturing & Trading Group Limited

"Current trading ahead of last year"

reports Norman Hickman, the Chairman.

Extracts from the Chairman's Statement and the Report and Accounts for the year to 31 July 1974.

## Trading Results

The year has not been an easy one with industry beset by a variety of problems such as the oil crisis, the miners' strike and the three-day week. However, in spite of these frustrations, further substantial progress, much of it achieved by internal expansion of existing companies, has been achieved. Turnover and profits are again a record with the pre-tax profit 85.7% ahead at £3,630,054. Earnings per share rose from 6.8p to 10.0p.

A final dividend of 10.26356%, coupled with an interim dividend already paid, makes 20.31356% for the year which is the maximum permitted. Shareholders will also be offered the opportunity of receiving shares in lieu of the final dividend.

Market conditions were generally buoyant throughout the year and the demand for the group's products was at a consistently high level.

Our success, based on high quality service and a wide range of products, entails carrying heavy stocks. Despite our record profits, funds generated were insufficient to sustain the business without recourse to extra borrowings.

With an increase in profits from £0.25m in 1967 to £3.63m in 1974 the group has shown considerable growth and has now emerged as one of the largest suppliers in the country of a large range of industrial products.

## Review of Divisional Activities

### Steel Stockholding & Metal Processing

Demand was at a very high level throughout the year and the division had the most successful year in its history with trading profits increasing 107.1%. Despite the difficulty of obtaining many types of steel, turnover increased substantially, and represents a considerable increase in tonnage sales. It is unlikely, however, that conditions during the current year will be as favourable. Farious scrap and metal processing experienced a year of booming demand with an explosion of prices. We expect further development and expansion in this sphere in the future.

### Asbestos, Rubber, Plastics and Services

This division experienced buoyant demand, once again constrained by a shortage of vital materials. The order books are at a high level and prospects are sound. We have been appointed Fiat main dealer for their range of commercial vehicles in the industrial West of Scotland.

### Light Engineering

Both sales of the division—up 29.6%—and profits—up 54.3%—show considerable improvement. The current order book is strong and the recruitment of skilled labour and material shortages are the main limiting factors.

### Tubes, Fittings and Fabrications

Despite the shortages of certain types of steel tube and the problems of the three day week, output was maintained at a satisfactory level and the divisional results were highly satisfactory. Current trading is very buoyant and there is every prospect of continued expansion.

### Drop Forgings and Castings

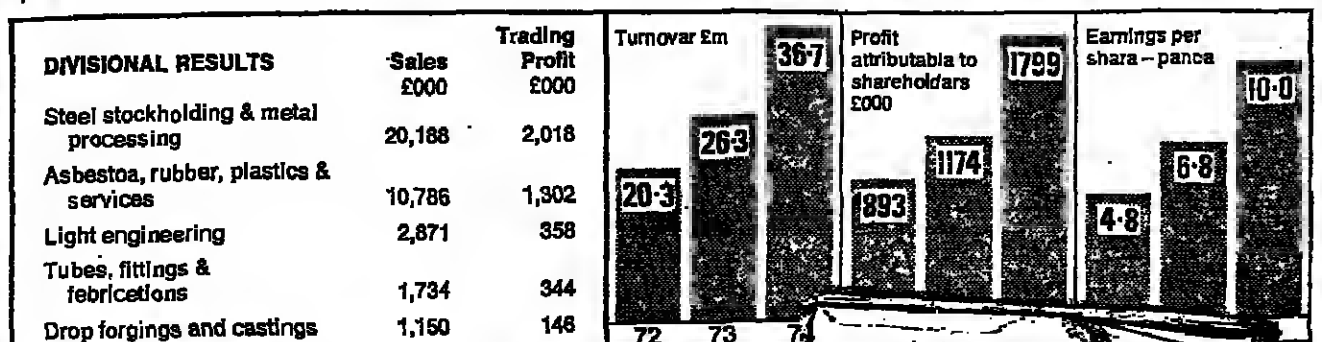
The year showed a good recovery in profitability but does not yet represent a fair return in relation to capital employed. Orders on hand are the highest ever reached and the growth potential can only be limited by material and labour shortages.

### Prospects

Current trading is at a higher level than the same period last year, but there are so many uncertainties in the economic and political environment that it would be unwise, indeed almost impossible, to make any firm prediction about the current year. However, I believe we are better placed than most to overcome any difficulties and there is little doubt your company will realise better than average growth in sales and earnings.

**GMT**

Copies of the Report and Accounts are obtainable from the Secretary, 303 Halesowen Road, Netherton, Dudley, West Midlands DY2 9NR.



Corporate Finance Executor & Trustee Services Commercial Banking Insurance Advice Foreign Exchange  
New Issues Taxation Advice Company Reorganisation Finance for Private Cos Pension Fund Management  
Finance for Property Developers Eurocurrency Transactions Mergers and Acquisitions Individual Portfolio  
Management Unit Trust Management European Trade Investment Trust Management Finance for Property  
Developers Corporate Finance Executor & Trustee Services Commercial Banking Unit Trust Management  
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for Private Cos Foreign Exchange Corporate Finance Executor & Trustee Services Mergers and Acquisitions  
**Ionian Bank Limited** 64 Coleman Street London EC2R 5BD Commercial Banking New Issues



BY THE FINANCIAL EDITOR

## The City speaks up for self-regulation

of the great ironies of the Capital Markets Committee's self-regulation of the City—and indeed of the management of capital—was that it should be the subject of a major controversy. It is not entirely the case that the City is not entirely the subject of a major controversy. It is not entirely the case that the City is not entirely the subject of a major controversy.

at said, the report is still a long way from the City's own view. It is not entirely the case that the City is not entirely the subject of a major controversy. It is not entirely the case that the City is not entirely the subject of a major controversy.

the extent that circumstances allow, the debate will be over the coming year. The main danger, however, would seem to be the possibility that the City's self-regulation will not be its own and could well, wrongly, become inextricably entwined in the broader context of the relationship of the City to the rest of the economy.

### sh Oxygen re from CO

is litigation notwithstanding, British Oxygen is still in its acquisition of rolling interest in the States group. Airco, nine-month £6.28m on to associated common profits was well above expectations and comforted the £3.06m interest on the £1.1m shareholding. A profit total for the year of £1.1m was in line with the top outside expectations was sufficient to set the share at a 27.8 per cent improvement in the trading level in helping offset the effects of the £1.1m shareholding. A profit total for the year of £1.1m was in line with the top outside expectations was sufficient to set the share at a 27.8 per cent improvement in the trading level in helping offset the effects of the £1.1m shareholding.

of course, is British's big selling point, and is safe enough for the share price to rise in interest in the City. The total has come up to £10.5m to £18.6m, which has caused some speculation about the shape of the share. Not that this will, case, be compared to the 1973 share, since the BOC has revalued its cylinders engineered their depreciation, thus throwing up a surplus of £5.2m which has been absorbed in accelerated depreciation on obsolete plant and a switch to LIFO valuation within some

subsidiaries. There has, in addition, been a £20m accretion to reserves in consequence of the revaluation of cylinders and of certain overseas properties, which should improve the look of the gearing.

A large part of the borrowings consists of £10m of debentures, even so BOC is concentrating hard on cash management and redirecting its capital spending accordingly. Meantime, with the group universally cheerful on current trading experience, there is no likelihood of the ample dividend cover being being seriously eroded—even if a fall of several points in the rate of sales growth in the final quarter suggests that profits growth this year will be no means so buoyant.

**Final: 1973/74 (1972/73)**  
Capitalization £41.7m  
Sales £403m (£319m)  
Pre-tax profits £34.6m (£28.4m)  
Earnings per share 6.59p (5.55p)  
Dividend gross 3.31p (3.15p)

### Marley holding steady

Marley emerged from the second half all square after a 27 per cent fall in the first, but the true trading recovery was not quite as good as it seems. The first half was affected by the three-day week and suffered in comparison with a previous half that took in the pre-VAT hiving rush. By contrast the second half of 1972/73 was a relatively dull period, so, averaged out, the second half trading this time was not much different from the first.

In Marley's markets, however, holding steady is no mean feat, and for this the group can thank its increasing build-up in the home improvement and do-it-yourself fields. Overall United Kingdom profits were down somewhat, but general buoyancy in home improvements did much to offset the deterioration on the new housing side. Even here, though, Marley reckons it has not been hurt as badly as the housing market as a whole. Public sector building has remained firm and there has been further support, apparently, from a fading switch away from flat roofs to sloping roofs which use Marley's tiles.

But a p/e ratio of 2.6 and a yield of 13.3 per cent with the shares at 31p are a clear sign that nobody is gambling too hard on Marley's resilience. Prevalent at least some deterioration in 1973. The overseas interests, which were modestly higher last year despite weakness in Eire and Germany, may hold up again this year, but DIY is unlikely to be totally immune to the general malaise. That suggests lower profits in the United Kingdom again, although heavy on a scale to threaten a dividend that is still more than four times covered.

**Final: 1973/74 (1972/73)**  
Capitalization £19.7m  
Sales £135m (£122m)  
Pre-tax profits £11.1m (£13.5m)  
Earnings per share 12.1p (13.5p)  
Dividend gross 4.27p (3.7p)

### Rothmans warning signals

Rothmans International shares closed at 14 1/2p yesterday, still above the 1973 low of 12 1/2p, though a long way from the 57 1/2p high.

They continue to look unappealing even though the profits reported for the half year to September 30 were better than the market expected. But that is not saying sales rose by £17m but pre-tax profits dropped by a

quarter and tax then took a hefty 64 per cent of what was left. The interim dividend is maintained but the directors are prudent enough to set the final in the light of the final profit figures.

This seems a warning to be heeded. Interest on convertible bonds (£4.4m) can only be deducted from United Kingdom profits and these were no small. It looks as if this applies to the second half as well. In addition, foreign tax charges have risen appreciably.

Interest charges are also on the increase, pressing even more heavily on pre-tax profits. The last balance sheet dated March 31, 1974, showed a big jump in short-term borrowings on which interest rates had risen.

The trading outlook seems bleak. United Kingdom profits were hit by the March rise in duty, a week-long strike in Ulster and a subsequent transport strike. Rothmans specialists in King Size cigarettes and was hit particularly hard.

The group does a big export business, especially to the Middle East, but costs are rising too fast for it to benefit from currency depreciation. There are tentative hopes of a German price increase in some months time, but too late to help the final figures.

Rothmans is a pure tobacco group without new strikes to help it out; and it has never done as well as its earlier stock market image as a BAT in miniature suggested.

The yield on a maintained dividend (which looks a little unlikely) would be 15.7 per cent while the historic p/e ratio is 1.6.

### Interim Capitalization £20m Sales £480m (£463m) Pre-tax profits £14.32m (£19.2m) Dividend gross 0.81p (0.81p)

### Montague Meyer dividend prop

Montague L. Meyer is making the best of a bad job. Pre-tax profits all but halved in the first six months of the year, but the group is quick to point out that the results are not really comparable. The company's gross margins were well in excess of reference levels after last year's timber boom and this year's further enforced cuts. At trading profit level, a fall from £9.5m to £7.8m hardly looks like the sort of disaster that share prices have been reacting to. Indeed it looks fairly good going, bearing in mind that other groups like May & Hassell earlier in the week are taking a very sharp pair of scissors to stock values this year.

What has really dented performance is a hefty rise in borrowing charges from £0.5m to £2.7m. Some of that is accounted for by the group's recent £10m line of medium-term credit, but bank borrowings were apparently down in the next balance-sheet. Meyer has been out of the timber market for several months now, and claims that most of the group's stock was purchased well before prices peaked. On the trading front this should be a relief, in good stead, although the system of forward contracts means that the timber price in demand last summer. But a yield of 15 1/2 per cent on the £1.1m shareholding is a dividend that is still more than four times covered.

**Interim: 1974-75 (1973-74)**  
Capitalization £27.5m  
Sales £275m (£264m)  
Pre-tax profits £4.3m (£8m)  
Earnings per share — (—)  
Dividend gross 1.34p (1p)

## Motorists are paying the price of Government's fuel conservation

Mr Varley has wasted no time in carrying out his pledge to concentrate oil price rises on petrol for motorists. Yesterday's announcement sets a new record, even by the inflated standards of this year, for the size of increase in the price of a gallon of fuel for the average motorist.

Even more important, by ending the system of imposing a total price, he has served notice that the Government no longer intends to act as a barrier between car drivers and the full cost of their action.

From Friday, as long as they obey the other parts of the Price Code, which restrict such things as their gross profits, service stations will be able to charge what they like. For the garage owners, who have been increasingly squeezed in past months by narrowing margins and sagging turnover, the announcement will come as a great relief.

According to the traders, 10 garages have been closing every day because of the squeeze on their profits, and there have been suggestions that they would start charging for such traditionally free services as pump air in tyres or cleaning windcreens.

It is because of the feeling on the part of many retailers that they have not been getting a fair share of the revenue from petrol sales that there are calls for the price to be increased considerably above the 10p level foreseen by the Secretary of State in some parts of the country.

The retailers claim that in the past year oil companies have managed to do very well as a result of their privileged connections with the producer states.

The Government, which has remorselessly pushed up the tax on petrol as it has once again become freely available, has done even better.



It would have cost about 8p for a gallon of petrol when this 1909 Hummer first came on the road. Now its owner could pay as much as 74p a gallon.

Even the credit card companies, which take a percentage of each sale, have been doing fairly well because their commission is calculated on the total amount charged to the customer, so they effectively receive commission on that part of the price which is accounted for by tax.

None of these consolations are available to the retailers, who have noticed that, as well as having their margins squeezed, the higher taxes have taken their toll on the amount of petrol sold.

Sales are up from the worst days of the Arab oil embargo, when long queues and shortages at the pumps were the order of the day. But they have not bounced back with all their old vigour, and the leading oil companies have begun to edge back into heavy advertising and promotional activity.

Until the next Middle East war comes along, the big companies have all the petrol which they can persuade the public to buy and probably rather more.

It is uncertainty about how people will react to higher prices which may make some retailers at least play along with Mr Varley's expressed hope that prices will not go up by more than 10p a gallon.

But it is likely that a large number of outlets, free at last from the need to hold down their prices to the level the Government sets them, will want to take advantage of their rights, if only as a way of finding the funds for promotional offers and giveaways.

The station owners are unlikely to be frightened of Mr Varley's warning that he does not expect them to raise their prices by more than 10p a gallon, because they can point out that if he had really wanted to ensure this was done, he

could have kept the maximum price system in operation. Indeed, raising the cost of private motoring is an indispensable element in the Government's campaign to wake people in the West to conserve fuel, and Britain's position as the lowest price country in the Nine (apart from Ireland) has become rather an embarrassment.

Even the new prices make only a limited difference to the cost of running a car. The AA estimates the increase at about £35 a year for a family saloon which runs 10,000 miles, an increase of only 44 per cent on the present cost of £774.

Despite this limited impact on the pocket of the average motorist, the rises remain a very sensitive issue. That in part at least explains the prickly nature of relations between the Price Commission, which has to pronounce on their applications, and the oil companies.

Last week the companies were sharply critical of the commission for its handling of claims from six of the leading companies in November. All six, including some that were being made for the second time, were turned down.

The companies argued that the commission was trying to use technicalities to stop them getting rises to which they were entitled, but which were embarrassing so soon after the increase in VAT in the November Budget.

The commission, on the other hand, argues that the claims were rejected because of failures to observe the prenotification rules embodied in the Price Code.

The key test is likely to come early next year, when the oil companies have had time to work out the full implications of the decision by Organization of Petroleum Exporting Countries members to switch to a single pricing system for oil.

In doing this, the producers are consciously trying to cut back on the profits of the oil majors and ensure that extra revenue for producer countries does not result in higher prices for western consumers.

Whether the oil companies will see things in this light, or will try to justify further increases to offset the extra price they will have to pay for crude remains to be seen.

Whatever they finally decide to do should provide more information in addition to the commission's file on fuel distribution, which will provide the basis of their report to the Government during the New Year.

But whatever conclusions that report reaches, it seems a safe bet that the motorist can expect the price of the gallon in his tank to go nowhere but up.

David Blake

## Need to understand workers' motives brings more psychologists into industry

Occupational psychologists are playing an increasingly important role in the world of labour. The appointment of Mr J. J. Jessop, the Department of Employment's chief psychologist, as head of a new research unit, marks the beginning of a new stage in their progress in the government service. Many big companies now employ psychologists, and academic and professional institutions attempt to understand the minds of those in industry.

In a period when the individual employee and his work group have achieved a new power, independent of their national organizations, it is important to find out what makes them tick. What are the motives which make them in some periods, in some companies, stop work at the drop of a hat? What do they want? What are the conditions in which they carry it out? What are the causes of frustration which makes men absent themselves from work, or devote only a fraction of their energies to it? What are the causes of their discontent? And what can be done to relieve that frustration?

The ostensible grievances which lead to disputes are often merely symptoms of an underlying malaise. Even experienced personnel managers are sometimes at a loss to know what really lies behind them. The men may not know themselves. It is often hard to see why in one company there is a spirit of cooperation, while in another where pay and conditions are equally good, management no less well intentioned, there is continuous strife.

Experience may enable a close observer to guess fairly well how people will react to known circumstances, but often not why they will react in that way, and therefore not how they will react to slightly different circumstances.

It may well be that the special training and practical studies of the occupational psychologist can help, but the growth in their use has been slow. It is only a few years since occupational psychology was recognized as a separate branch by the British Psychological Society in addition to clinical and educational psychology. To become an occupational scientist entails additional work, much of it in the field, after obtaining a degree in psychology.

Psychologists were first brought into the Government by the service departments during the last war. They were the original "head-shrinkers" who helped to decide for what sort of jobs recruits were suitable. They brought a different approach to training from that of the sergeant-major.

The Ministry of Defence has since widened the field. The psychologists have been concerned in ergonomics (the study of man in relation to the environment in which he works), and the application of anatomical, physiological and psychological knowledge to problems arising from the use of aircraft, ships and tanks, and the physical and mental strains of piloting and driving them will not be excessive.

By degrees other departments followed the Ministry of Defence. In 1950 a civil service class of psychologists was set up covering four grades. There are now about 250 in the class perhaps half of them occupational psychologists.

ried out with the cooperation of the trade associations where relations have not been poisoned by differences over pay. The Home Office psychologists are concerned mainly with guidance to prison inmates, but they have a more varied role under Mr J. R. Teasdale, in the Employment Service Agency, which recently claimed that before long it would have the largest group of occupational scientists in the country.

It is setting up teams in each of its areas. Most of the agency's psychologists are employed in the 18 area offices or attached to the 26 industrial rehabilitation units where they have guidance on suitable work.

They recently started a series of trials to see whether executive officers can take over the more routine work in the units, leaving the psychologists more time to counselling difficult cases, or increasing proportion of which suffer mental rather than physical handicaps. The psychologists are also able under this system to do some outside work which makes their own jobs more satisfying.

In the areas, the psychologists help with difficult cases referred to them by the employment advisers and career officers, visit occupational guidance units and give on-the-job training to guidance officers. A team at the head office of the agency advises on general policy, the guidance service and training for agency staff which is on a larger scale than ever before.

They will also participate in mostly short-term research, including a programme designed to appraise industrial rehabilitation procedures.

The establishment of the DE unit under Mr Jessop will bring a notable expansion in British long-term research into the problems of job satisfaction. Something has been done by independent organizations but on the whole Britain has contributed less in this field than others, such as the United States, the Scandinavian countries and Holland. The Norwegian Work Research Institute, in particular, carried through an important three-year programme in the late 1960s.

The work research unit includes behavioural scientists, engineers and industrial relations experts with practical experience. It will operate on the assumption that satisfying work must provide some challenge, variety, an element of discretion and responsibility, the use of the worker's capabilities, scope for development.

The unit offers help to managers, union representatives and workers to explore together the possibilities of restructuring work to make jobs more satisfying in these ways. The potential benefits, it is suggested, include reduced labour turnover and absenteeism, higher productivity and improvements in industrial relations generally.

The unit also has £180,000 available to sponsor research by universities and other bodies, in which changes in work organization will be made and the results watched. Already projects are under way in an electronic engineering assembly plant and a bakery.

Mr Jessop would like in the next few months to initiate studies among hospital nurses, in the chemical industry, a chain of garages and among clerical workers. It is not only assembly line work which can be changed into something more varied and interesting.

Eric Wigham

## Business Diary: ICI's catalysts • Christmas destocking

scientists from Imperial Chemical Industries' agricultural division called at Buckingham Palace yesterday to receive Prince Philip the £25,000 OBE Award for 1974.

Jack Callard, ICI chairman, received a gold medal HRH Prince Philip (the president) on behalf of the company.

Mr Callard, ICI chairman, received a gold medal HRH Prince Philip (the president) on behalf of the company.

year is the bi-centenary of the American Republic, and who knows how many commemorative medals, coins and other items of gold and silver will be struck in remembrance.

If every American citizen and the United States population is now estimated to be 210 million, were to buy only 1 ounce of gold, this would equal a demand for 210 million ounces of gold. So who's worried about a glut of 2 million ounces next month?

### Chief barker

Even though the European Commission has indefinitely postponed the battle of the British loaf and the British pig, there remains one more source of contention—British cat and dog food.

His appointment mirrors the strength of the British pet food market. Our national Pet Food Manufacturers' Association estimates that the pet food industry is over £300m, only twice the British national mial.

### Energetic

At least one organization is finding the energy and economic crisis a time for growth. Pre-emptory research by the Fulmer Research Institute at Stoke Poges, near Slough, show turnover at the end of the year to be more than £1m against £700,000 last year.

Mr Mathias is the associa-

tic. Originally it concentrated on light engineering and aircraft materials before expanding its team of metallurgists, electron-microscopists, chemists, physicists and engineers to explore a wider range of industrial problems.

One of their most important new projects, known as the "Fulmer materials optimizer", is a scheme to help design engineers to select less energy-consuming materials for their work. Mr Mathias has been developed for measuring the energy intensiveness of a material from the moment of extracting an ore right through its processing and forming or forging stage to make a component.

The retiring chairman is Bill Merton, who is now chairman-designate of Robert Fleming Holdings. Merton joined Fulmer in 1965 as a board member, when he was scientific adviser to Erlangers bank.

His successor, John Rose, comes from a research and industrial background with ICI, being ICI's research development director and a main board member.

### Points of venue

The choice of Dakar as the site of today's ministerial meeting of the 46 developing countries who are negotiating a new trade and aid agreement with the EEC was by no means lightly agreed. Originally it was felt that, since the final signing of the agreement early next year was destined to take place in French-speaking Lomé, capital of Togo, the final ministerial consultation should be held in an English-speaking country.

### Weevil-minded

The Christmas spirit has at last percolated through to the floor of the Stock Exchange, where there was a hectic trading in an unusual new issue yesterday.

This was a hedge in scribbled "I am a weevil. Harold Bates me." It refers to remarks made last month by the Prime Minister about people who sold shares short during the August Stock Exchange panic.

## C.L.R.P. INVESTMENT TRUST LIMITED

(Chairman: A. G. Touche, F.C.A.)

The following are salient points from the Report and Accounts of the company for the year to 31st August, 1974.

- \* In March 1974 the company borrowed US\$3m at a fixed rate of interest for 5 years.
- \* The ordinary dividends for the year total 1.25p, an increase of 13.7 per cent. With the tax credit the increase is 18.5 per cent.
- \* The natural resources of Australia give that country excellent long-term prospects. Like Britain with its oil, if it does not eventually flourish, the inhabitants will have only themselves to blame. The November budget shows that the Chancellor understands the problems facing the Western World in general and United Kingdom companies in particular. Unfortunately there is little encouragement of thrift, which is in danger of being destroyed in the United Kingdom by taxation and inflation.
- \* The market values of the twenty largest investments were as follows:

	£000	£000	£000
MEPC	288	Ford International Capital Corp.	88
Jardine Japan Fund	235	Anglo American Gold	88
Hochschild	220	Boots	87
Consolidated Gold Fields	174	British American Tobacco	87
Lend Lease	148	Myer Emporium	76
Shell Transport & Trading	138	Broken Hill Proprietary	72
Hong Kong & Shanghai Banking	126	Burroughs Machines	71
General Electric (U.K.)	108	Smiths Industries	71
3M United Kingdom	104	St. Martins Property Corp.	68
Veal Reefs Exploration & Mining	103	Barclays Bank	67

These investments total £2,409,000 or 28.6 per cent of the portfolio.

**PROGRESS DURING THE PAST TEN YEARS**

Year to 31st August	Gross Income	Total assets less current liabilities	Ordinary shares (Gross basis for 1965 and 1969)	Dividends	Net asset Value
1965	347,383	5,964,429	1.59	1,3125	p 31
1969	341,056	8,983,318	1.61	1,3125	p 52
1973	427,579	12,669,774	1.43	1,099	p 76
1974	622,172	9,370,185	1.78	1.25	p 44

Copies of the Report and Accounts can be obtained from the Secretary, at 3 London Wall Buildings, London EC2M 5PH.



# IMPERIAL CONTINENTAL GAS ASSOCIATION

## Interim Statement

Consolidated Results (unaudited)	Half Year to 30.9.74	Half Year to 30.9.73	Full Year to 31.3.74
Turnover	£3,736	£3,000	£7,000
Trading Profit	2,312	1,925	5,888
Depreciation	3,736	3,160	16,636
	2,509	1,900	4,238
	1,221	1,260	6,399
Income from Investments	122	114	4,547
Interest	(918)	(888)	(1,557)
Group Profit before Taxation	425	686	9,389
Taxation	335	301	4,570
Group Profit after Taxation	90	385	4,819
Minority Interests	21	36	65
Profit attributable to I.C.G.A.	69	349	4,754

The consolidated results are those of the Association and its subsidiaries including its Belgian subsidiaries.

Belgian subsidiary companies are not consolidated in accordance with the dispensations granted by the Department of Trade.

The taxation charges relating to the half year in 30th September, 1973 have been adjusted to take account of the increase in the U.K. Corporation Tax rate.

### Interim Dividend

The Directors have declared an interim dividend for the year ending the 31st March, 1975 of 2.69p on £34,147,999 Ordinary Capital Stock costing £915,166; this is equivalent to a gross dividend of 4%. The dividend will be paid on the 2nd April, 1975 to stockholders on the register at the close of business on the 21st February, 1975 and compares with the gross interim dividend paid on the 2nd April, 1974 of 6% on £17,067,863 Ordinary Capital Stock which cost £716,850 net. The Capital of the Association was doubled as the result of a capitalisation issue during the year.

### Notes

The Directors cannot emphasise too strongly that the results shown for the half year provide no guidance concerning the probable results for the year. Apart from income from General Investments, which is relatively insignificant, the Association's investment income is derived from dividends from Belgian companies, all of which are booked in the second half of the financial year. Present indications are that the Group share of earnings after tax of the Belgian subsidiary companies will, in terms of Belgian Francs, be appreciably greater than that for 1973/74.

Of the United Kingdom subsidiaries the Calor Group's turnover for the half year increased by 45% over that for the same period last year, but the level of trading profit rose by only 21%. This reflects mainly the effects of heavily increased material costs and of U.K. Government price controls. Income from Calor's newly expanded activities in the U.S. will now fall into the second half of the financial year due to delay in the maize harvest caused by drought. Rises in both depreciation charges and financing costs have accentuated the normal seasonal first half loss resulting in a pre-tax loss. However, the Directors expect that with normal winter conditions and barring a major economic disruption, the full year in March, 1975 will show an improvement over 1973/74.

The value of gas and liquids sold from the Hewett Field by Century Power and Light Limited rose by 15% but trading profits before depreciation and financial charges increased by only 2% owing to cost escalations not yet reflected in sale prices.

The charge for taxation has been calculated at the provisional rate of 52% but certain losses of overseas subsidiaries in the first half year do not give rise to a corresponding tax offset. However, it is expected that these losses will be offset by profits arising in the second half of the year.

Under the present legislation the maximum total dividend payable for the year ending the 31st March, 1975 will be 6.85775p which is equivalent to a gross dividend of 10.2325%. Provided that circumstances do not change unduly your Directors intend to recommend the maximum permitted distribution.

As previously reported, negotiations have been taking place at the request of the Belgian Government for the rationalisation of the Belgian electricity industry and the Directors of the eight private enterprise companies engaged in the industry have now agreed in principle to regroup into three companies by the 30th June, 1975. Although the final terms have yet to be settled, the agreement in principle provides for the Association to have a major shareholding, but not a controlling shareholding, in an enlarged company engaged in production, transmission and distribution, which will result from the merger of certain other entities with Electrogaz.

## BOC Profit Results

### British Oxygen Year to 30th September 1974

	1974	1973
Sales of BOC and its subsidiaries	£7,000	£7,000
Operating costs	403,424	319,123
	338,335	282,808
Depreciation	65,089	56,317
	19,894	18,319
	45,385	37,998
Add: BOC share of associated companies' profits	7,779	891
<b>GROUP TRADING PROFIT</b>	<b>53,174</b>	<b>38,888</b>
Europe	21,788	18,128
Africa	8,745	8,845
Asia	8,302	1,452
Pacific	2,226	1,976
	11,113	10,486
Interest	53,174	38,889
	18,539	10,511
<b>GROUP PROFIT BEFORE TAX</b>	<b>34,835</b>	<b>28,378</b>
Tax	17,444	19,938
	17,191	14,440
Minorities	3,684	3,058
	13,527	11,382
Less: Extraordinary losses (profits) net after tax	808	(1,080)
<b>AVAILABLE FOR DISPOSAL</b>	<b>12,821</b>	<b>12,462</b>
Dividends—Preference	88	95
—Interim ordinary	1,661	1,838
—Proposed final	2,855	2,849
	4,602	4,582
Profit retained	8,019	7,880
	12,821	12,462
Earnings per 25p share (203,938,447 fully paid ordinary)	6.59p	5.55p

A revaluation of cylinders has been carried out by our major companies and a change made in cylinder depreciation policy based on current replacement costs and a revised assessment of durability. These changes produced a revenue surplus of £5.2 million. We have used this opportunity and absorbed the surplus by accelerating depreciation of obsolete plant, the adoption by some Group companies of the LIFO or similar method of stock valuation and by other financially prudent measures.

A capital surplus arising from the revaluation of cylinders and of certain properties overseas has been taken direct to reserve and amounts to some £20 million.

The BOC share of associated company profits includes £8,276,000 from Airco Inc. and interest paid on the related borrowings amounted to £3,062,000.

Research and development costs of £3,558,000 (1973: £3,380,000) have been absorbed against regional trading.

Your directors recommend a final dividend of 1.4p as last year per 25p ordinary share making a total of 2.216025p for the year (1973 2.205p).

Books closed for the final dividend and reports and accounts to shareholders, 28 February; posting of final dividend warrants 1 April; shareholders' meeting 25 March.

Further copies of this report may be obtained from the Secretary, The British Oxygen Company Limited, Hammermith House, London, W6 8DX Tel: 01-748 2020.

## FINANCIAL NEWS

### Growth in Belgian market holds key to year's earnings of IC Gas

By Andrew Wilson

Despite a small setback at mid-term, the Imperial Continental Gas Association is set for another record year, with pretax profits likely to grow from £9.39m to probably something above £11m.

The figures for the six months to end-September are, as usual, almost meaningless as Calor Gas only ticks over during the summer months, while dividend income from the Belgian activities is booked only in the closing half.

At Calor Gas, turnover expanded 45 per cent to £27.8m and trading profits by 21 per cent to £3.52m. But after a sharp increase in interest and depreciation charges, last time's

pretax profit of £203,000 was reversed into a loss of £77,000. For the remainder of the year, an overall improvement is expected with the developing United States animal foods subsidiary (which suffered from the delayed maize harvest) expected to break even.

Earnings from Belgium, which come chiefly from the Electrogaz and Antwerp Gas, gas and electricity distribution operations are expected to increase for the full year by around 25 per cent. This arises from the strength of the Belgian franc against sterling and from higher profits on the index-linked tariffs on the services supplied by the companies.

Century Power and Light,

where IC Gas has a 59 per cent stake, was hit by escalating costs, but a 15 per cent increase in turnover is budgeted for in the full year; this should push gross profits some £50,000 ahead to £540,000.

More important, however, is the Government's eventual decision on tax on the North Sea oilfields where Century has a 9 per cent stake in the Meusefield and an undivided holding in the key Andrew field.

The interim dividend is being raised from 3p to 4p gross and the final will be increased by the maximum possible, indicating a total for the year of 10.2p (9.05p).

### Cranleigh loss after special items

Gloomy news from Cranleigh

Group, apart from steps to discontinue its investment and financial division, as foreboded in October, is that although a pre-tax profit is returned of £772,000 against £1.12m, after deduction of extraordinary items of £832,000 (against £69,000) the "attributable" loss amounts to £470,000 compared with a profit of £542,000. Turnover was up from £8.04m to £9.19m for the year to August 31.

The extraordinary items are made up of surplus on conversion of loan stock, £161,000 profit, sales of Seddon Diesel Investment, £88,000 profit, overvaluation on sale of shares, £100,000, and a provision for loss on Secil Properties, £296,000, loss on shares

### J & H B Jackson tops £1m with momentum held

Having regained its growth curve last year after two lean periods, and more optimistic at mid-way after successfully riding over the troubles of the three-day week, J. & H. B. Jackson maintained its interim spurt throughout the full term in September 30. This group of steel and non-ferrous merchants turns in taxable profit 20 per cent higher at £1.34m (beating £1.12m for the first time), on turnover also up at the same rate to £10.43m. Earnings per share work out at 3p compared with 2.7p.

The board is not recommending a final dividend (against 0.2p) for the year past as the maximum payable is less than 1 per cent gross. Therefore, the total comes out at 0.603p against 0.575p. However, it will pay an interim dividend for the year to September 30, 1975, of 0.5p,

payable on March 11, on which a cash/script option is proposed. Corporation tax saving under the stock appreciation proposals outlined in the recent Budget were about £170,000 for the year past, under which they have risen in value from £13m to £2.86m.

For the year ahead, the momentum gathered in the final six months of the preceding year continues in the opening two months of the present term.

### W Motor pass interim

Continuing to experience difficult times profits of Western Motor Holdings fell from £159,000 to £45,000 in the half to June 30. In the previous 12 months the decline was from £414,000 to £343,000. The dividend is passed, against 1p.

### Thames TV and Capital Radio link in sales drive

Capital Radio, one of the two London commercial radio stations, has linked with Thames Television in a joint advertisement selling exercise. Rate cards offering a combination of television and radio spots are to be mailed out to advertisers and agencies this week.

The package includes radio advertisements in Capital's morning and early afternoon peak listening hours with evening television spots. It is aimed at local advertisers such as retailers and entertainment promoters. Bookings will be handled by either partner but Thames will deal with centralised accounting.

The link between the two media comes as something of a surprise since commercial radio was initially regarded as a direct competitor to the ITV contractors. However, the cut-backs in off-peak TV programming means that there is little overlap in the advertising time offered.

Meanwhile Capital, which admits to substantial overexpending in setting up the station, is continuing its negotiations for additional finance. Initial shareholders were Dominant with 32.5 per cent, Local News of London with 15 per cent, Radiofusion with 15 per cent, Evening Standard with 11 per cent and The Observer with 8.50 per cent. It is not yet known whether the extra funds will come from these or from new shareholders.

### Buoyant sales

Despite large cutbacks by established users, the advertising industry enjoyed unexpectedly buoyant sales in November. Results compiled by Media Expenditure Analysis

### Advertising & marketing

show a rise of 10 per cent in expenditure on press advertising and 12 per cent in television advertising compared with the same month last year.

The comparative results are distorted by rate increases and discounts but nevertheless indicate a real increase on last year. The November figures bring the total for the year so far to between 2 and 3 per cent below 1973. The industry, however, is extremely apprehensive about the early part of next year.

Many large food manufacturers including Cadbury Schweppes, Heinz and Unilever have sharply reduced their spending on advertising this year. The reasons given for the cuts range from shortages of packaging materials to competitive pressures.

Food manufacturers account for between 35 and 40 per cent of television advertising expenditure and widespread reductions could have serious implications for ITV contractors.

### Holiday campaign

The Burtin group is battling for an increased share of the British holiday market next year with a £500,000 television and press advertising campaign. The Ladbroke Group is also planning an advertising drive to promote its recently acquired holiday centres.

Patricia Tisdall

### Business appointments

### New chief for Lloyd's Aviation Underwriters

Mr J. M. T. Hewitt has been elected chairman of Lloyd's Aviation Underwriters' Association. Mr Neil Hill becomes deputy chairman.

Mr Derek Mogg has been appointed managing director of Garrard Engineering.

Mr Donald Mathias, chairman of the Pet Food Manufacturers' Association, and chairman of Pedigree Petfoods, has been elected president of the European Pet Food Manufacturers' Association.

Mr C. J. Humphrey has joined the boards of Capital Investment Trust and Tyneside Investment Trust.

Mr John Hitchcock has been appointed to the board of Salter Industrial Measurement.

Mr H. Dalton-Brown, manager of Johannesburg Consolidated Investment Company and chairman of Orange Mining Corporation (Pty) of South West Africa and the Shanghai Mining Corporation, has been appointed to the board of "Johnnies".

Mr Gerry Lawler has joined the board of Cyren Building.

Mr Len Merchant has become a director of Libra Computing.

Mr Michael Adams joins the board of Foster Brothers Clothing.

Mr Jack D. Newell has been appointed managing director of Industrial Energy Costs.

Dr Milorad Maksimovic, so executive director of Harris & Dixon, has additionally been appointed as managing director of Veritas Insurance of Lagos.

Mr Penton Robb has become director of marketing for Scottish Gas.

Mr Alan Davies has been elected chairman of the King's & Sons Mining Association. Mr Beville Pain becomes vice-chairman.

Mr B. M. Thornton has been appointed managing director at Walter Lawrence & Son (Holdings).

Mr J. H. Bancroft and Mr Imre Elek have been made additional directors of West Cumberland Silk Mills.

Mr Peter Scottcliffe has been made sales director of Diamond Shamrock Chemicals.

Mr R. J. W. Crabbe and Mr D. J. Welch have become directors of Birtles Credit Group.

Mr Crabbe is chairman of Provident Life Assurance and Mr Welch a director of Bankers Trust International.

Mr John Rothwell, a director of the Chamber (Northern), has been appointed a director of H. B. Williams, Reeves.

Mr Derek Hayes and Mr Clifford Sendelson have resigned as members of Orme Development.

Mr George Ashpoo has been elected president of the British Independent Steel Producers Association.

Following Mr D. M. Rhead's election as chairman-designate of RCB Holdings, he relinquishes the office of financial director and chairmanship of the engineering sub-group which is now to be continued as a separate division.

Mr D. B. Clark is appointed to the main board as financial director and Mr M. H. Craddock is elected chairman of the engineering division.

### Bates pays £1.3m for control of French bank

By John Plender

Edward Bates & Sons (Holdings) is to pay around £1.3m for a controlling interest in Pommer at Cie, a small French bank which specializes in discounting trade bills. Subject to Pommer becoming a limited company, the purchase should take place before the year end.

Agreement in principle to acquire a 73 per cent stake in Pommer from Banque Saint Phalle was reached over a year ago, but formalities have proved lengthy, a spokesman for Bates said last night. Medium-term dollar finance was arranged for the deal with London banks at the time of the original negotiations, he added.

A further 18 per cent of Pommer is controlled by its president, M. Christian Pommer, and the shares are traded in the over-the-counter market in Paris. Bates is paying Fr120 a share compared with a recent quote of Fr80. The company has a balance sheet footing of just under £10m and made net profits of around £76,000 in the year to December, 1973.

Bates, which recently sold its Welfare Insurance subsidiary at a book loss of around £91m, is hoping to build up international business in the French company and to increase its corporate financing activities.

### Alcan's Norway sale through

The sale of half of Alcan Aluminium's holding in the Ardal og Sunddal company, to Norway for \$62m in cash has been approved by the Norwegian Government and will now go ahead.

### Greenall Whitley kee record intact with marginal rise to £5.11

The result of Greenall Whitley, the largest of the regional brewers, for its last full period, is rather better than expected in that profits were ahead, albeit only marginally.

In the 12 months to September 27 profits of the group, which operates throughout the North-West, North Wales and also in part of the west Midlands, rose by £30,000 to a record £5.12m pre-tax. But having been 14 per cent ahead at half-way (a rise in the price of beer helping to offset rising costs over the initial half) the return from the second six months was down from £3.01m to £2.74m.

If the trend is down, the situation may be set to some extent by another increase, notification of which is currently before the Commission.

Coming from turnover increased from £47.3m to £ the pre-tax is struck after cost of repairing property which rose from £1.37m to £1.71m, depreciation main at £1.3m and interest at £1.16m (£1.09m). Earnings were 5.11p (6.14p) and a dividend of 1.88p rose total from 2.59p to 2.97p.

### Fenner geared up for expansion

In the wake of last year's good performance, power-transmission engineers and conveyor belt specialists J. H. Fenner reckon to be "well equipped to cope with any problems ahead", and Mr Joseph Palmer, chairman, is confident that the group will continue to prosper.

At home Fenner enjoyed buoyant conditions last year, and the board is still cheerful about the outlook here, particularly now that the recent slackening in the order intake in the materials-handling division appears reversed.

Performance abroad "even more striking", to co "a substantially widened increased penetration".

End-year overdrafts of £863,000 to £2.4m finance a big increase in debt gearing is still relatively low, and the directors are confident of the company's financial position.

David Brown is recently acquired an 11. cent stake in the group; it has 11.6 per cent.

### Property Hldg & Inv

Income for the first half year declined from £815,000 to £727,000 at Property Holding & Investment Trust, after higher interest charges of £370,000 (£258,000). Earnings a share are down from 3.39p to 3.07p, while the interim dividend is held at 1.75p net. The board intends to raise the year's total from 4.5p to 4.75p.

### Danks Gowerton

Announcing a rise in its pre-tax profits from £2 to £347,000, Mr A. Roe, man of Danks Gowerton, says the board's aim is to spend turnover and profit. Sales advanced by 26 per cent to £4.28m. Group finance sufficient to sustain its growth, and orders are high level.

## The Woolwich

### "Society's immense financial strength"

Speech by the Chairman, Mr Alexander Meikle, CBE, CA, FRS, to the 127th Annual General Meeting of the Members held at the Cornmarket Rooms, Great Queen Street, London WC2, on Tuesday, 17th December 1974.

The past year has been one of changing fortunes.

### Interest rate changes

There had been in the preceding July, that is to say in July 1973, the altogether unprecedented increase in Bank Rate (or Bank of England minimum lending rate, call it what you will) from 7½ per cent to 11½ per cent. Inevitably this led to a fall in the flow of funds to the Society and an increase in withdrawals.

Your Board met this situation by raising the rate of interest on the Society's ordinary share accounts as from 1st October 1973, the first day of the year under review, from 6½ per cent to 7½ per cent (basic rate income tax being paid by the Society). The initial response to this increased rate was good, producing a net inflow of new capital at about the rate we had been accustomed to earlier in the year.

However, on 13th November 1973 the Bank of England once again raised its minimum lending rate, this time to 13 per cent. The effect on the Society's funds was much a repetition of the previous July experience. A good deal of money was attracted away from building societies by the rates offered by local authorities and also by the competition of income bonds which was not corrected until the Chancellor's Budget in March last.

Your Board preferred not to raise the rates of interest then offered to investors as this would have required a still further increase in the already historically high rate of 11 per cent being charged to borrowing members. Nor did we consider it appropriate in the then prevailing financial climate to run down our resources of cash and investments. Indeed throughout this difficult period the Society maintained substantial balances on call or at short notice with banks in addition to our holdings of very short-dated Government securities so that large sums of money were always available if required. And so we were able to meet the position when the savings inflow was matched by withdrawals; we were obliged to cut back our new lending to a level which we felt could be supported by repayments of capital by borrowers, together with interest which our investors leave with us in being added to their capital. We were thus much restricted in the volume of new mortgage business which we could entertain but business did go on and our new advances continued at a level of £100 million per annum.

### Government loan

Against this background the Board welcomed the offer by the Government to make available to building societies in the five months from April to August 1974 a loan of, in all, £500 million on condition that participating societies did not increase their main borrowing and lending rates of interest. The Society took its share of these temporary loans. By 30th September £50 million had been received and a further £14 million was received thereafter, of which total £63 million has already been repaid.

### Investment Certificates

In May 1974 an issue of Investment Certificates was announced by the Society. These Certificates offer a return of 1 per cent above the rate payable from time to time on the Society's ordinary share accounts to the investor who is prepared to commit his capital for two years. The present rate of interest on these Certificates is, therefore, 8½ per cent with income tax at the basic rate paid by the Society and the issue has been successful both in attracting new money and in adding to the stability of our capital structure.

These measures — the Government loan and Investment Certificates — together with an easing in the level of short-term interest rates enabled us to increase substantially the volume of new mortgage business in the second half of our year.

In the result, advances for the year totalled £137 million. A disappointing figure when compared with the total of £217 million in the previous year; but a considerably better figure than seemed possible in the early part of the year. At the year-end the volume of mortgage business awaiting completion in the normal course had increased to £50 million. In all we were able last year to help some 20,000 families to buy their own homes.

### Total assets exceed £1,000 million

It is pleasant to record that, in this difficult and testing year for all financial institutions, the Society's total assets passed the milestone of £1,000 million. The Society celebrated its Centenary in 1974 when the total assets reached £50 million. Seven years later in 1954 they had doubled to £100 million; and now twenty years on they have increased tenfold to £1,000 million. The number of our members, investing and borrowing, has now passed one million.

At the end of the year our liquid balances amounted to £182 million representing 17.4 per cent of total assets. This is a higher ratio than we are accustomed to see but

not unduly high in these uncertain times. I want to stress to underline that these balances were and are liquid. More than £98 million was held in gilts, securities which despite very adverse Stock Exchange prices had a market value of £95 million. Our investments are predominantly short-dated and, in redemption value of £104 million. Indeed most securities could have been realised without any loss to the Society. It is a measure of their strength which remains the position today despite the substantial fall in the index of Government securities since the end of our Balance Sheet. The remainder of our investments, some £84 million, were held at seven days' notice banks and local authorities or in bank certificates deposit.

The balance of revenue for the year was £1,098, which was added a surplus realised on investment during the year of £1,628,000 and against which charged a transfer of £390,000 to our Staff Pension Fund. The General Reserve at the year-end amounted to £32,687,000.

Although I speak so confidently of the Society's immense financial strength and, indeed, with satisfaction at the way it has coped with the problems of the past year, we are not complacent nor are we oblivious of the problems of others. We know only too well the difficulties, private householders, with numbers of completed and unsold houses and new house starts falling to a reported 20-year low at in September last, compared, for example, with a monthly average of 19,000 in 1972. It has been and continues to be our policy to make generous allocation of mortgage funds to assist the purchase of houses. Builders everywhere will doubtless be encouraged by the improved availability of building society funds and I hope are long a like improvement in new house sales and starts.

### First-time purchasers



## FINANCIAL NEWS

## W E Norton's pace accelerates

Promising first-half profits well ahead of the £73,000 achieved last term, machine tool merchants W. E. Norton have performed even better than expected, with much more than doubled profits. On turnover increased from £2m to £2.75m, taxable earnings bounded from £3,000 to £185,000 for the half September 30 and the "available" from £34,000 to £89,000. A half-time payment is 0.45p against 0.37p on which there are seven or 1.76 million shares. For the rest of the year all signs are going well. Incoming orders continue at a high level, and results for the 12 months to March 31 could be better than any previously reported.

## Cooper Inds at interim peak

Turning in a record £1.5m a year, Cooper Industries, the diodes steel, engineering and sliding group, maintained the pace in the opening half to deliver 31 with best-ever half-earnings. Pre-tax profit passed 14 per cent to 37,000, on turnover 26 per cent higher at £12.09m. The interim dividend is 0.52p against adjusted 0.49p, and it is expected that the final will be maximum permitted. Tax figures are omitted because substantial group and surmount relief will be available which cannot be accurately unified at present. But the charge will be minimal. It also expected that deferred tax in excess of £250,000 will be obtained by stock relief provisions.

## Factors

Announcing taxable profits last term up 46 per cent to £6,000 Mr John McQuestion, chairman of International Factors (75 per cent owned by G & Scottish and 25 per cent by First National Bank of New York), told shareholders the sum of business handled rose £102m with the international accounting for 26 per cent. Earnings were up from 24.7p to 31.9p a share.

## Diffusion-Shipton

Diffusion Shipton Bankers Trust International

the equity of Shipton Automation, originally acquired in 1973. The initial cash consideration of £6.2m from the resale will be used to pay off the advance incurred at the time of the original purchase and interest.

The deal means that SD has not suffered any loss from the deal and may even make a profit from the resale.

## Normand to rally from poor start

An interim slip in profits from £383,000 to £364,000 before tax at Normand Electrical Holdings prompted a decline in the share price yesterday, although the board predicts that profits for the full year should be similar to the £665,000 record achieved last year.

Shareholders will be paid an interim of 1.17p, against 1p gross, and the final is also to be raised by the maximum allowed by the Treasury. Order books are strong for the rest of the year, and production is being stepped up.

## Lindsay &amp; Williams leaping ahead

The revitalised Lindsay & Williams is consolidating its return to the dividend list by adding a second interim of 1.49p to that already declared, bringing the total for the 10 months to October 31 to 2.98p (against 2p for the whole of 1969).

Taxable profits for the 10 months are £250,500, against £29,000 for the whole of last year, and include an exceptional profit of £58,000.

The board would like shareholders to receive some further benefit when the final figures are in, and subject to Treasury consent, a final is to be paid. There will also be a dividend script option.

## Pilkington-St Gobain venture postponed

Plans of British glassmaker Pilkington Brothers for a £29m float glass plant in Sweden to be built at Halmstad received a setback yesterday with news that negotiations with Saint-Gobain-Fontaine-Mousson, its



Mr. Walter Norton, chairman of W. E. Norton. Indications of a record year.

French rival, had been broken off. According to company officials in Paris, St Gobain want to postpone the joint venture until 1980, essentially because of present economic difficulties. Meanwhile, it will continue to expand the activities of its Swedish subsidiary, Emmaboda Glaswerke, and develop the production of double-glass windows for insulation.

World-wide St Gobain produces about 4,500 tonnes of float glass daily under licence from Pilkington, but produces none in Scandinavia.—AgeoCities.

**PAHANG CONSOLIDATED**  
Company received subscriptions for 4.25m shares in response to its rights issue. Balance of about 3.7m shares (46 per cent) taken by underwriters.

**W. CROWTHER**  
Pre-tax profits £445,000 (£432,000) for half-year are not strictly comparable because the 1973 period included three subsidiaries sold in April this year. Net effect of these disposals to full year would be to reduce profits by £108,000. Company is in British Land group.

**BATLEYS OF YORKSHIRE**  
Interim pre-tax £91,000 (£112,000) with earnings 1.2p (1.54p) a share. Dividend 1.04p (1p).

**BRENTNALL BEARD**  
Taxable profits for year, £313,000 (against £359,000). Earnings a share are 8.11p (10.33p). Dividend is 8p from 3.88p to 4.36p gross.

## Mining

## Unicorp—a new factor emerges

Cape buying pushed the Union Corporation share price up another 14p to 464p yesterday—although the Gold Fields of South Africa bid, now worth about 500p, was the other major impetus.

It is now thought that the South African Mutual Insurance group has recently raised its stake from 3.2 to about 5 per cent of the Unicorp equity. With General Mining with about 28 per cent still opposed to the bid, and likely to remain so after the formal documents appear from GESA, and with Charter Consolidated standing on the side lines with 10 per cent, the Mutual could well have the decisive vote as to the outcome of the offer.

The annual statements from the six Unicorp mines covering the nine months to end-September take a generally bullish line overall. Pride of place inevitably goes to the new Unisel mine where production is now expected to begin in August 1978. It is hoped to improve productivity substantially by increased mechanisation in the stopes with experimental work now being carried out at St Helena.

Reserves at St Helena are now estimated at 13.3m tons with a grade of 12.8 g/t at a gold price of R3,500/kg (\$156oz) compared with 11.5m last year when the grade was 14.9 g/t and calculated at R2,000/kg (\$98oz). The new reduction plant will involve expenditure of R22.5m, of which R5.4m is attributable to processing Unisel production.

A warning, however, comes from Leslie where it is stated that values exposed in the western portion of the lease have not been encouraging. Unless there is a substantial improvement in the gold price the potential reserves of the mine can only be extended marginally. At current price, Leslie may have another five or six years' profitable life left. A further capital repayment of 10c will be made next year.

## Mitchell Cotts Group Limited 1973/74 Results



Chairman—Mr. J. K. Dick C.B.E., F.C.A.

	£'000	Increase over 1972/73
Profit before Interest and Taxation	10,649	33%
Profit before Taxation	9,147	34%
Funds Employed	53,298	19%
Return on Funds Employed	20%	12%

Earnings per Ordinary Share 7.53 pence

## Dividends per Ordinary Share

Interim—	0.656 pence
Proposed Final—	2.114 pence
Total for the year—	2.770 pence

Dividend Cover 2.65 times

## Principal activities of the Mitchell Cotts Group

	Profit Contribution
Engineering	40%
Agriculture	24%
Transport, Shipping & Storage	24%
Vehicle Distribution	6%
Commodity Trading	6%
	100%



Mitchell Cotts Group Limited, Cotts House, Camomile Street, London, EC3A 7BJ. Telephone: 01-283 1234

For a copy of the annual report and accounts please contact the Secretary



## Union Corporation Group GOLD MINING COMPANIES

## WINKELHAAK MINES LIMITED

Instruction to artisan aides, which began last year, and a recently introduced programme of more advanced training for black team leaders shows signs of promise for the greater utilisation of the labour force in general. Partly as a result of this training and through a reorganisation of the distribution of labour employed on less essential operations, it was possible to increase the tonnage milled despite a 10 per cent reduction in the underground labour strength.

If we are to use to best effects the advantage the higher gold price has brought us, cost increases will have to be kept to more manageable levels. In addition to our own efforts to increase productivity much will depend on the Government's efforts to combat inflation.

Although stopes production has not been seriously affected by the shortage of labour, any further reduction in the numbers of workers will inevitably curtail production.

## KINROSS MINES LIMITED

The full effects of taxation and lease consideration were felt for the first time this year and these payments increased to R9.1 million. No. 2 Shaft has been completed to a depth of 733 metres below surface and should be completed in February 1976. The total cost of the shaft on completion is now estimated at R16 million. A borehole drilled as a pregrouting hole for No. 2 Shaft intersected the Kimberley Reef at a depth of 1,645.90 metres and 61.22 grams of gold per ton were assayed over a channel width of 53.1 centimetres yielding 3,251 centimetre grams. Although at this stage very little reef has been exposed, development from No. 1 Shaft carried out in the vicinity of the sinking shaft, has confirmed the borehole indications.

As mentioned in previous reports, the estimated payable tonnage based on borehole evaluations in the new area is not considered sufficient to warrant an increase in tonnage milled. However, before any final assessment of the potential of the northern area can be made, considerable development work will have to be done.

## LESLIE GOLD MINES LIMITED

The rate of development was decreased for the period under review as a result of the inclusion of previously demarcated marginal grade blocks. However, results continue to be disappointing and values exposed in the western portion of the lease area have not been encouraging. For this reason and taking into account the substantial increase in working costs, it is considered that the potential reserves of the mine can only be marginally extended unless a substantial increase in the gold price occurs. At the current prices we anticipate that the mine will still have another five to six profitable years ahead of it.

In view of this a further repayment of capital amounting to 10 cents per share will be made to shareholders during the 1975 financial year.

Points made in the statements by the Chairmen Mr. E. Pavitt and Mr. L. W. P. van den Bosch

- \* Average gold price received approximately R3,300 per kg (US \$147 per oz.)
- \* Continuing inflation emphasises gold's traditional role as store of value
- \* Long term future for gold continues to be encouraging
- \* Cost increases contained below industry average
- \* Group placing emphasis on training schemes and better use of work force to combat cost increases and labour shortage

## BRACKEN MINES LIMITED

At the higher gold prices it was possible to decrease the rate of development and by including a number of previously marginal blocks, maintain the level of ore reserves. In the northern areas and in the area under option on the farm Witklefontein in the far north, where development has been concentrated, low values have continued to be exposed. For this reason and taking into account the substantial increase in working costs, it is considered that the potential ore reserves will only be marginally extended by the recent increases in the gold price. As such, we anticipate that the mine will still have another seven to nine years of production.

## ST. HELENA GOLD MINES LIMITED

Preparations are being made at No. 8 Shaft to develop a drive on 18 Level into the Ongegend area to investigate the values disclosed by earlier surface drilling.

In my statement last year, I mentioned that consideration was being given to the replacement of the existing reduction works which is proving expensive to operate and maintain after having been in operation for 23 years. A decision has been reached to go ahead with the construction of a new reduction works at an estimated cost of R22.5 million of which some R5.4 million is attributable to capacity to meet the requirements of an agreement entered into with Unisel Gold Mines Limited. The programme is scheduled for completion in 1977.

Together with expenditure to be incurred under the agreement with Unisel, your Company will be involved over four years in the financing of capital works to the extent of an estimated R26.4 million. This figure assumes a cost escalation of 15 per cent per annum. The bulk of this financing will be internally generated through amounts already transferred to reserves and the deferment of taxation. A sum of R3 million has also been raised from the National Finance Corporation. It is anticipated that dividend distributions will not be inhibited as a result of the capital expenditure programme.

## UNISEL GOLD MINES LIMITED

A start was made in August of this year on the shaft collar excavation and the construction of the headgear and winder foundations. Preparatory work for the construction of the road and rail facilities from St. Helena mine are also underway. All preliminary work and pregrouting of the shaft site is on schedule and it is expected that full scale sinking of the shaft will commence in the second quarter of 1975.

In planning the mine, due attention is being given to opportunities for mechanisation, thereby increasing productive output per man. Experiments, to find a way of achieving improved mechanisation in the stopes, are being carried out on a Union Corporation group mine.

In the Consulting Engineers' report which accompanied the prospectus, it was stated that provided no unforeseen difficulties arose, the shaft would be completed early in 1977. Underground development and stope preparation should take a further eighteen months, during which time trial milling will be carried out. On these estimates, the mine will be brought into production by August 1978.

## Results for the nine month financial period ended 30th September 1974 (compared with results for the previous twelve months)

Name of Company	Tons Milled '000	Gold produced Kg.	Net Profit R'000	Dividends cents per share	Ore Reserves Tons '000	value gms/ton
Bracken	771 (1,038)	6,375 (10,139)	5,687 (5,108)	51 (31)	2,500 (1,800)	9.0 (12.3)
Kinross	1,168 (1,506)	8,404 (12,258)	9,920 (13,237)	50 (46)	8,500 (6,500)	8.2 (10.0)
Leslie	1,092 (1,458)	5,754 (9,184)	4,233 (4,080)	32* (19)*	4,200 (2,500)	8.5 (7.7)
St. Helena	1,708 (2,311)	19,478 (29,364)	20,258 (17,638)	230 (130)	13,300 (11,500)	12.8 (14.9)
Winkelhaak	1,530 (1,930)	11,578 (16,370)	10,184 (9,177)	94 (48)	10,000 (7,500)	9.0 (10.2)

Ore Reserves calculated at a gold price of:- 1974 R3,500 per kilogram 1973 R2,000 per kilogram

\* Includes 10 cents capital repayment

Copies of the full reports of the gold mining companies (all of which are incorporated in the Republic of South Africa) for the nine months ended 30th September 1974 are available from the London Secretaries, Union Corporation (U.K.) Limited, 95 Gresham Street, London, EC2V 7BS.







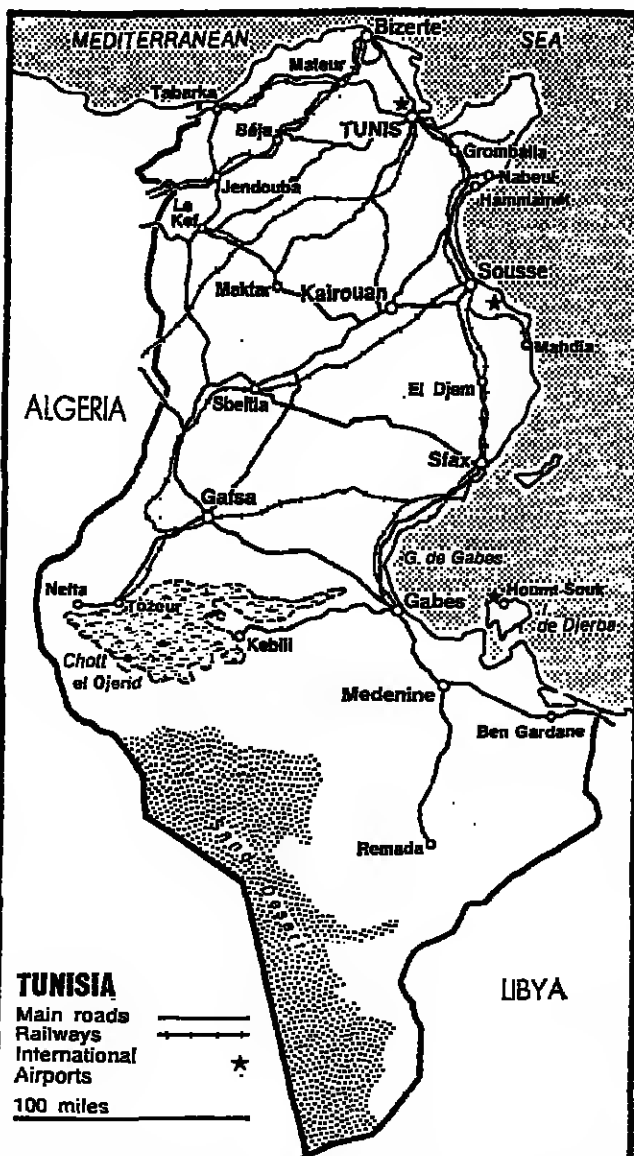




**Among Arab countries Tunisia is probably the one with which Britons feel most familiar.**

progress and stability. Mr Bourguiba is referred to as the "father of the nation" and "the great combatant". Last month he was elected President for life of the republic. In September he was acclaimed President for one of its political parties, the Parti Socialiste Destourien (PSD), the name which the Neo-Destourians bear.

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The President subsequently told the Egyptian newspaper *Al Ahran* that he had not been well at the time.

These abrupt and disconcerting changes of policy have been accompanied by a tightening of political control. At the PSD congress in 1971 party members elected on to the central committee a group of men who have since become severe critics of the regime.

They are Mr Bahi Ladgham, President Bourguiba's deputy for 15 years, who was dismissed as Prime Minister in the wake of the 1966 Salah affair; Mr Ahmed Morsiri, former

the dialogue.

The critics argue that the stability of the state is precarious because it depends on the person of a President who is subject to fits of mental depression, who blames other people for policies which he had once endorsed, and who is fiercely jealous of anyone who achieves political success. One of them told me that a democracy with anarchic tendencies, such as Italy, was better than power founded on personal whim.

These former party stalwarts do not wish for Mr Bourguiba's replacement, and they think that a multi-party system is inept to

## Maghreb policy stagnant

On the economic front Tunisia has been helped by increased rainfall over the past few years and a sharp rise in prices for its phosphates, olive oil and petroleum. However, these windfalls cannot hide grave weaknesses.

Mr. Nouria, who as Prime Minister has concentrated on managing the economy, told the PSD congress in September that the 10 years up to 1971 has been marked by "general austerity and a lack of imagination in average standards of living." He said that 40 per cent of Tunisians have an income "below the poverty threshold."

But the country is essential for the men's development, beginning to be felt. increased export Tunisia still has a d s sible trade.

Underlying the and economic pro what the sociologis Camilleri has ca critics of readaptat his study *Jeunesse, et Développement*, l the families exp by Tunisia in a re traditional family li on the extended, pe system, with idec deduced from Euro the family is sep the other fami couple and their cl

where the buildings are usually between six a storeys high.

As the size of the increases so does the hood of spoiling the environment. More have to be uprooted the site and the tends to jar with roundings. The Govt is aware of this and has recently in strict planning & Mr Smanul outlining


When a Brizon can have a winter in Tunisia for 6 or a German two weeks for just over £100, air fares included, the sum received by the hoteliers is hardly enough to cover the cost of food, let alone pay the staff a decent wage. A Tunisian Brizon tried to make up for this by charging extra for extras such as hairdressers and mechohu (roast rabbit) parties.

It is in a country where lack of work is the main problem, the Government has welcomed tourism for the jobs it provides. However, the creation of permanent employment for nearly 20,000 people has been achieved at a cost—to the hotel-keeper and also to the tourists themselves. Djerba, for example, has 8,000 hotels, but an alarming number of doctors for its seasonal population. In some of these places, wages were set at a realistic level and a more comprehensive service provided for the visitor.


A tapestry of shimmering golden beaches and quiet blue-green bays; of vast Roman amphitheatres and towering mosques etched into an azure sky; of the silent, forbidding Sahara and labyrinthine, bustling souks; of Bedouin mud huts and gracefully sculpted hotels; of gardens, terraces and avenues laden with the scents of jasmine and oleander; and a people as welcoming as the mediterranean sun which greets their visitors all year round.

**"you are welcome"**







From the mountains of the Atlas you're watching a Bedouin herd his camels and sheep. You're hearing music piped throughout only for the benefit of the guests of the Casbah de Monastir.




At the Casbah in Monastir, the most famous of the Casbahs, you're watching the life of a Tunisian town.




From the mountains, you're watching a Bedouin herd his camels and sheep. You're hearing music piped throughout only for the benefit of the guests of the Casbah de Monastir.



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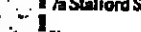
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For further information and to please write to: Tunisian Tour 7a Stafford Street, London W.

Name \_\_\_\_\_

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Postcode \_\_\_\_\_



There's another side to the Mediterranean



# Good fortune and a sharp swing to the right bring rich rewards

by Godfrey Morrison  
Editor, Africa Confidential

With steadily mounting foreign exchange reserves and ambitious but realistic plans for industrial expansion and diversification, the outlook for the Tunisian economy looks excellent. The confidence with which both private businessmen and government planners in Tunis can look to the future is a recent phenomenon.

Until the end of the 1960s the economic outlook for Tunisia was bleak. A high birth-rate and huge expenditure on education were producing a new generation of discontented people for whom the employment prospects seemed bleak. Dirigiste policies had brought about a concentration of such of industry and were arising off foreign investment from a country whose natural resources of oil and phosphates were being squandered to her immediate neighbours Algeria and Libya.

The past four years, however, have seen a dramatic transformation of the economic scene. Late in 1969 President Bourguiba dismissed Mr Ahmed Ben Salah, who was then the extremely powerful Finance, Planning and Education Minister, and was the Government's socialist enthusiast, and country took a sharp turn to the right. Since that time the guidance of Mr H. Nouri, a moderate and veteran Destour leader, the economy has returned to a more realistic approach.

Another key figure in the economic policy has been the much younger Mr Ali Ayari, who at 41 was named Minister until a reshuffle in September when he moved to the Ministry of Agriculture. A former member of the faculty of law at the first seven months of 1974 are lower than in the same period last year.

The agricultural outlook remains promising. The rains have been good this autumn, which should benefit most crops, though there are reports that the date harvest has been badly affected by them. Olive oil production is expected to be about 80,000 tonnes this year which, though much lower than last year's 130,000 tonnes, is still regarded as satisfactory since this crop varies in a cyclical manner.

The good fortune has been abundant rainfall has produced good crops. Some oil strikes, a recent sharp rise in the world price of oil, phosphates and olive oil, an important agricultural export.

At one time it looked as if fate had been extraordinarily unkind in Tunisia. On either side of the country, in Algeria and Libya, oil and natural gas poured from the ground in abundance. All the Tunisians had was the El Borma field, a really big producer and now already past its peak production years.

However, a much more recent discovery, the offshore Asbert field, near the Kerkenna islands, is proving much more productive than was originally expected. Oil production has already passed 40,000 barrels a day and could well reach double that figure in a year's time.

Meanwhile two wells have been drilled in the new Isis field, which is also offshore about 100 miles east of Sfax, and the indications are promising.

Phosphates have also played their part in the economic turn-about following the sharp rise in world prices which increased from \$13 to \$52 in just a year. At one time production from the relatively low-grade rock was maintained by the Government mainly for political and social reasons—to preserve the jobs of about 12,000 people—but at the new prices the whole industry has become a major component of the country's export earnings.

With the world food crisis and chronic fertilizer shortage the outlook must be good. Only last month a new phosphate factory in the Gafsa Governorate passed from the trial stage to active production, which should eventually add another 1,200 tonnes of phosphates a year. This will be welcome since, though export earnings this year from phosphates are not as high as last year's, the rise in price, since production figures for the first seven months of 1974 are lower than in the same period last year.

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The agricultural outlook remains promising. The rains have been good this autumn, which should benefit most crops, though there are reports that the date harvest has been badly affected by them. Olive oil production is expected to be about 80,000 tonnes this year which, though much lower than last year's 130,000 tonnes, is still regarded as satisfactory since this crop varies in a cyclical manner.

The good fortune has been abundant rainfall has produced good crops. Some oil strikes, a recent sharp rise in the world price of oil, phosphates and olive oil, an important agricultural export.

At one time it looked as if fate had been extraordinarily unkind in Tunisia. On either side of the country, in Algeria and Libya, oil and natural gas poured from the ground in abundance. All the Tunisians had was the El Borma field, a really big producer and now already past its peak production years.

However, a much more recent discovery, the offshore Asbert field, near the Kerkenna islands, is proving much more productive than was originally expected. Oil production has already passed 40,000 barrels a day and could well reach double that figure in a year's time.

Meanwhile two wells have been drilled in the new Isis field, which is also offshore about 100 miles east of Sfax, and the indications are promising.

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The mosque of Sidi Bou Makhlouf at El Kef, western Tunisia.

quite independent of weather or good husbandry. Tunisia has suffered continual foreign trade deficits, but in the past few years has enjoyed a consistent balance of payments surplus. The reason has been the foreign exchange inflow from tourism and the remittances from the large number of Tunisians working in Europe, mainly in France and West Germany. Foreign aid from the international agencies and a large number of bilateral aid donors, as well as a growing flow from foreign private investment, have added to the surplus.

The latest figures available, covering the first seven months of this year, suggest that an end to the constant trade deficits is now a distinct possibility. Exports at 197m dinars represented about 80 per cent cover of the country's imports during the same period. During recent years, the country's annual exports have been worth only from 50 per cent to 65 per cent of total imports. The encouraging results this year have been achieved despite a sharp rise in the value of imports and are due to the increase in exports of olive oil, phosphates, superphosphates, phosphoric acid and crude oil.

Earnings from tourism should also be fairly good this year. The good results in this sector are largely due to the increase in Cyprus which caused a diversion of many tourists to Tunisia at the last moment. Otherwise the results would probably have been discouraging. In the mid-1960s this was the only economic success story, but of late tourists have shown an unwillingness to return for a second time to Tunisia. However, the fact that government officials and the press now talk openly of the tourism crisis, rather than trying to sweep the in-

dustry's problems under the carpet, suggests that in time the problem will be solved. In the long term the prospects must be excellent. Because of the high birth-rate and the large pool of unemployed, the creation of new jobs remains a prime aim of economic policy. A recent report by the Central Bank estimates that about 30,000 new jobs were created in 1973 but notes that 19,000 Tunisians still had to be placed overseas, in France, West Germany and Libya. The problem of unemployment was a major factor behind the law of April, 1972, which offered foreign firms special tax privileges and other incentives to set up in Tunisia and produce for export.

This scheme seems to have been a considerable success already, even though it is still in its infancy. Mr Tijani Chelli, head of the Investment Promotion Agency, has said that a main aim of the 1972 law was to enable Tunisia "to import work rather than exporting our labour". Other advantages of setting up in Tunisia, besides the tax incentives, include the import of technical skills, another means of effecting the transfer of technology.

The current four-year plan (1973-76) views the manufacturing industry as the main source of new jobs, even though the acceleration of industrialization is a recent phenomenon. A recent survey reported that investment in the manufacturing industry approved in 1973 totalled D134m, against D50m in 1972 and only D25m in 1971.

Provided world economic conditions do not get out of hand, there seems to be a good chance that Tunisia will build up a profitable industrial sector quickly. The reasons for this are: the encouragement now given to foreign investors and the favourable status Tunisia will enjoy in its relations with the European Economic Community.

Another favourable factor is the large investment the country has made in education. In the years since independence, about one third of recurrent expenditure has been spent on education. This has produced a more advanced labour force and potential managers and technicians in greater numbers than those possessed by most African and Arab countries.

Despite the inevitable hard feelings after the on-off union with Libya, cooperation, particularly on a practical economic level, is quietly developing between Tunisia and Tripoli. There are also growing trade links with Algeria. However, despite these developments and attempts to build up the economic and political solidarity of the Maghreb region, it is difficult to think of Tunisia's economic future other than in terms of its relations with Western Europe, France, Italy and West Germany remain the main trading partners.

Of vital importance for the future will be an agreement, which should come into force some time next year, between Tunisia and the EEC. A limited association agreement between Tunisia and Morocco has been in operation since 1969, but was confined to restricted trade concessions. Both

University, and of those doing the humanities as trainee teachers in the Ecole Normale Supérieure (ENS) with rise from 2,205 to 4,978 and in the Faculty of Law and Economics from 2,016 to 2,181.

In the Faculty of Science and the scientific section of the ENS the figure will more than triple to 7,846. In the Faculty of Medicine it will more than double to 2,254. The National Engineers' School of Tunis, where only 21 per cent of the students are Tunisian, will have 2,118 students in 1976-77 compared to 343 four years earlier.

As well as producing more scientists and technicians, the Government wants to create institutes of higher education throughout the country. Faculties of medicine have opened at Sousse and Sfax on the east coast, and a veterinary school will be set up at Mejjaz el Bab in the Medjerda valley.

Tunisia is no exception to the rule that students pose problems for the political establishment. Mr Nouri said recently that the work of the Government's contacts with them required further elaboration. Mr Mohamed Sayah, director of the Parti Socialiste Democratique, told me that dialogue between the two was very difficult.

In 1973 the party encouraged the students to elect their own delegates to take part in the management of the university. According to Mr Sayah, the elections were sabotaged by socialist groups.

This year the Government has taken a tougher line. In April police were sent in to prevent the closing of the university during a students' strike and in the summer 202 people, among them students, stood trial for plotting against the state. The situation has become quieter since then and elections in the university faculties and other institutes of higher learning began last month.

Education in Tunisia is moving farther and farther away from the model bequeathed by France towards something better adapted to the needs of a poor, independent nation. However, important elements of French practice remain, probably to the detriment of the system as a whole.

One of these is a highly centralized, bureaucratic administration which lays down exactly what the teacher does in the classroom. A distinguished foreign lecturer in Tunis said that this tended to stifle individual initiative and responsibility.

Another is the use of French in the classroom, which means that some children leave primary school semi-literate in both French and their native tongue, Arabic.

The same emphasis is evident in higher education. During the fourth plan the number of students in the Faculty of Letters of Tunis

has been reduced from 1,200 to 800. The Faculty of Sciences, on the other hand, has increased from 1,200 to 2,181. The Faculty of Law and Economics has increased from 2,016 to 2,181.

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the Tunisians and the Moroccans found these arrangements unsatisfactory and of little value. As a result the two countries, together with Algeria, pressed to be granted a more comprehensive agreement which would not be confined to trade preferences and quotas, but would also include an aid package. This will come in fruition and in addition there will be measures to boost scientific and technical cooperation and encourage private investment in the Maghreb. Most significant of all, there will be measures to encourage industrial development in the three Maghreb countries so that they can take advantage of their privileged access rights to the EEC.

Tunisia, the most culturally outward-looking of the Arab states, should be ideologically and educationally well-placed to take advantage of the situation.

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